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COMPREHENSIVE HEALTH REFORM

DISCUSSION DRAFT, DAY 2, PART 2

WEDNESDAY, JUNE 24, 2009

House of Representatives,

Committee on Energy and Commerce,

Washington, D.C.

The committee met, pursuant to call, at 9:41 a.m., in Room 2123, Rayburn House Office Building, Hon. Henry A. Waxman [chairman of the committee] presiding.

Present: Representatives Waxman, Dingell, Markey, Rush, Eshoo, Engel, Green, DeGette, Capps, Harman, Schakowsky, Gonzalez, Inslee, Baldwin, Matheson, Melancon, Barrow, Hill, Matsui, Christensen, Sarbanes, Murphy of Connecticut, Sutton, Braley, Welch, Barton, Hall, Upton, Sterns, Deal, Whitfield, Shimkus, Buyer, Pitts, Walden, Terry, Murphy of Pennsylvania, Burgess, Blackburn, Gingrey, and Scalise.

Staff Present: Karen Nelson, Deputy Committee Staff Director for Health; Andy Schneider, Chief Health Counsel; Purvee Kempf, Counsel; Sarah Despres, Counsel; Jack Ebeler, Senior Advisor on Health Policy; Robert Clark, Policy Advisor; Tim Gronniger, Professional Staff Member; Stephen Cha, Professional Staff Member; Allison Corr, Special Assistant; Alvin Banks, Special Assistant; Jon Donenberg, Fellow; Camille Sealy, Fellow; Karen Lightfoot, Communications Director/Senior Policy Advisor; Caren Auchman, Communications Associate; Lindsay Vidal, Special Assistant; Earley Green, Chief Clerk; Jen Berenholz, Deputy Clerk; Mitchell Smiley, Special Assistant; Miriam Edelman, Special Assistant; Ryan Long, Minority Chief Health Counsel; Brandon Clark, Minority Professional Staff Member; and Chad Grant, Minority Legislative Analyst.

The Chairman. In February, President Obama called upon the Congress to enact legislation to reform America's health care system. In April, Governor Kathleen Sebelius was sworn in as Secretary of Health and Human Services. Her Department has the lead responsibility for improving the health of the American people.

Last Friday, I joined with Chairman Rangel and Chairman Miller and Chairman Emeritus Dingell to propose a discussion draft on health reform. This morning, we have the honor of hearing Secretary Sebelius present the administration's views on the discussion draft.

Based on her contributions today and on what we will hear and learn from the 50 stakeholders appearing before the Health Subcommittee this week and on the input from the Members, we will revise the discussion draft and introduce a bill for consideration by the three committees.

Our legislation will reduce health care costs. It will cover all Americans. It will improve the quality of care. And it will be fully paid for. The lead author will be John Dingell, chairman emeritus of this committee, who has faithfully carried on his father's legacy as an undisputed leader in the struggle for health reform.

I want to emphasize a few important points about the discussion draft. First, it is just that, a draft for discussion

for the legislation. We are seeking input from the administration and others because we want to improve the draft before introducing legislation.

Second, the draft builds on what works in our uniquely American system. It builds on the employer-based system for providing health coverage to workers and their dependents. It relies on and improves Medicare as a source of health coverage for the elderly and the disabled. It builds upon Medicaid to extend coverage to low-income Americans.

Third, the draft fixes what is broken. It fixes the broken individual health insurance market by creating a new insurance exchange through which uninsured Americans can enroll in their choice of health care plan. Those who cannot afford to purchase the coverage available in the exchange will receive assistance.

A public option will be available within the insurance exchange to give consumers an alternative to private health insurers for their health care coverage. This public option will be self-supporting, will not receive ongoing subsidies from the Federal Government. The public option will compete. No one is obligated to sign up for the public option. No provider is obligated to provide medical services under the public option. But the public option will provide competition so that we can make the market work and keep everybody honest.

The draft contains provisions to reduce rural, racial, and ethnic disparities in disease incident and treatment. The draft

fixes a broken Medicare physician payment system and prevents the irrational cuts that are scheduled under current law from going into effect.

The draft takes the steps necessary to fix the shortage of primary care practitioners and nurses and other providers. And, finally, the draft ensures that people have a choice: choice of doctors, choice of benefits packages, and choice among insurance plans.

This approach builds on what works and fixes what is broken and makes sure that people have choices. It is pragmatic, and it will produce the results the Nation's health care system so desperately needs: lower costs, broader coverage, and better quality.

Today we will continue on a journey that began over a hundred years ago to provide health insurance for all Americans. Some of our greatest Presidents of the 20th century -- Teddy Roosevelt, Franklin Roosevelt, and Harry Truman -- were advocates for health insurance for all Americans. President Clinton fought hard for his administration's proposal. Those initiatives may have failed, but the hope that inspired them was never defeated. The time has finally come to redeem that hope and to deliver true health reform.

In my conversations with colleagues and constituents, I am getting the clear sense that there is now a willingness to tackle this issue and to resolve the problems and bring forward a much

better health care system for all Americans. With President Obama in the White House, we now have the best opportunity ever to enact health reform. I am determined that we not let this opportunity slip from our grasp.

I look forward to this morning's testimony and continue with urgent pragmatism to send health reform legislation to the President for his signature this year.

I want to recognize for an opening statement the ranking Republican member of the committee, Mr. Barton.

Mr. Barton. Thank you, Mr. Chairman.

You and I, earlier this year, attended several White House health care summits. At those summits, both in the large meetings and in the working group meetings, I said that the Republicans in the House and the Republicans on this committee were very ready and very willing to work with the President, with you and Mr. Pallone and other members of the majority to create a new health care system for America.

There is no Member of Congress on either side of the aisle that is opposed to improvements and reforms in our current health care system. So we were ready to work. You told me repeatedly that you were ready to work with myself and the other Republicans.

Having said that, actions speak louder than words. While you and I have held several meetings, personal meetings -- and we held one meeting with Chairman Pallone and Ranking Member Deal of the subcommittee, we agreed to work together. The brown bag lunch

that was supposed to occur because of that was scheduled and rescheduled. And, finally, last week, we were supposed to have had it last Friday at noon. We were called the afternoon before and said that that brown bag lunch on a bipartisan basis could not be scheduled because you were attending a press conference to unveil the Democratic health care bill.

That is not bipartisanship. That is not inclusiveness. It sure made me feel like the young woman who was being wooed by a young man and the young man kept promising to take her out on a date, and he finally called her up and said, "Well, I know we had a date tomorrow, but I can't do it because I am getting married to somebody else." I guess there are some people that do both, but luckily you are not one of them and I am not either.

But it is what it is. So we now have a bill. We have the Secretary of Health and Human Services here to probably wax eloquent in support of your bill. I haven't read her testimony, but I bet it is going to be supportive.

The good news is we are going to have a series of hearings, and we will, at some point in time, go to markup. Hope springs eternal on our side that some of our ideas may yet be included.

The bill in its current form -- I have not read all 805 pages of it; I am not going to fib about that. But I have seen summaries, and it is a massive government involvement in Americans' health care. It is hugely expensive. I have seen estimates as high as $3 trillion over 10 years. I am told that

the word "shall" is mentioned over 1,300 times. I am told that there are 38 new mandates, that there are dozens of new bureaucracies.

I listened to your opening statement, Mr. Chairman, and heard you say that nobody has to take the government plan who doesn't want it. That may well be true, technically, but if you put so many mandates on private insurance that it becomes cost-prohibitive, and if you raise the Medicaid eligibility to 400 percent, there are going to be millions of Americans that lose their coverage because the private businesses that offer it can't afford it, and then there are going to be millions of Americans who say, why should I pay a monthly premium of X dollars when I can go on Medicaid and pay little or nothing? You know, the short of it is that, if your bill were to become law, we wouldn't have much of a private health care system in America within 10 to 20 years.

So put me down as undecided, Mr. Chairman. We will work with you. We have a number of amendments. We have a Republican alternative that is private-sector-based, lets the individuals maintain their choice. We do some of the things that you do in your bill. We do have a permanent physician reimbursement fix. We do have a tax credit, reimbursable tax credit for low-income Americans.

But the big difference between the Republican bill and the Democratic proposal is that on the Republican side we still

believe in the marketplace, we don't have all the mandates, we don't force Americans into a government plan that we think is not very good for America.

With that, Mr. Chairman, I will submit the rest of my statement for the record, and look forward to these hearings.

[The prepared statement of Mr. Barton follows:]

******** COMMITTEE INSERT ********

The Chairman. Thank you, Mr. Barton. And I am sincere in saying I want to work with you and share a brown bag lunch with you. And this bill is a draft.

I want to recognize Mr. Dingell, the chairman emeritus of the committee, the champion of health care reform, and the man who will be the first name on the legislation that will produce health care reform.

Mr. Dingell?

Mr. Dingell. Mr. Chairman, first, thank you for holding this important hearing. And thank you for your remarkable leadership on moving forward towards resolution of the health care problems we have in this country.

I want you to know that I am grateful and proud, and I am particularly appreciative of the kind words you said about my dad. And on behalf of my dad and I, I want to thank you for your kind words and thank you for your friendship.

I also want to do something of a personal character here, and that is to welcome Secretary Sebelius to the committee.

Your father was a valuable member of this committee and sat in this room for a number of years, and we were always proud to have him here. And your father-in-law was a valuable Member of the House, as you will recall, and was a man who was much respected. So your coming is like coming home, and we hope you feel that way, Madam Secretary.

This week marks the beginning of a truly historic process, an opportunity to fulfill our moral and economic obligations to provide quality, affordable health care coverage for all Americans.

The current system is not working. When my dad started on this years ago, it was a matter of humanitarian concern. Americans were dying for want of health care, and health care was not available to most Americans. Today, that still is true to one degree or another, but it is now an economic necessity, something which must be done to enable the United States to continue to compete in the world marketplace. And our industries are being killed by the lack of this kind of support in a fiercely competitive world economy.

Forty-seven million Americans are currently without health care, and upwards of 86 million will be without health care at some point during this year. More and more Americans are being forced to make decisions they never should be forced to make: Do they pay their monthly health insurance premium, if they can get a health insurance policy, or do they pay the utility bills, the mortgage, or do they buy food for the family?

American business owners are facing a tough decision as to whether to meet the monthly payroll or to pay health insurance contributions for their employees. And if you look at the American automobile, it has $750 worth of steel in it and $1,600 worth of health care. Foreign competitors don't confront that

problem.

The Federal budget can no longer sustain our current health care spending. If health care costs grow unabated, the costs to the country will be more than 20 percent of its gross domestic product on health by 2018.

The discussion draft -- and I stress the words "discussion draft" -- we are considering is a uniquely American solution to this crisis.

It has been a privilege for me to work with you, Mr. Chairman, with Chairman Rangel and Chairman Miller on putting this draft together. And I want to commend all of those, including the subcommittee chairmen of the three committees, who have worked so hard to bring about unprecedented coordination that went into producing this single discussion draft for the three committees of jurisdiction.

And I want to make some things clear. The discussion draft will not create a single-payer system. It will not ration care. It will not attempt to destroy the private-market system or the system of employer-sponsored health care many Americans enjoy today. And anybody who says otherwise simply hasn't read the bill or is not being truthful either with himself or anybody else.

That being said, each of us in this room has our own vision of what ideal health care reform looks like. While the specifics may be different, we all share some common goals. First, we must pass legislation that reduces the cost of health care for

families, businesses, and government. Second, we must pass legislation that makes quality, affordable health care available to all Americans. And we must pay for this legislation, and we must pass the legislation now.

The choices we make over the coming months are going to be historically significant, and they will rank with the passage of Social Security and Medicare. If we are courageous and enact comprehensive health care reform, our product will meet the test of history and, I would note, will rank, as I mentioned, with Medicare and with Social Security.

Medicare was mentioned on the editorial page on Sunday of the New York Times. It is only short of the flag in its popularity. If we are not courageous, we will have failed this generation and generations to come, and the country will suffer for it.

I am certain this year that we will pass comprehensive health care reform that will build on the existing system and keep intact that which is working in our system, and give people the piece of mind that, no matter what life changes they face, they will always have access to health insurance. The American people deserve nothing less.

Thank you, Mr. Chairman.

The Chairman. Thank you very much, Mr. Dingell.

I now want to recognize Mr. Deal. Mr. Pallone, as the chairman of the subcommittee, gave his opening statement yesterday. Mr. Deal did not have that opportunity. And I want,

by unanimous consent, that all members have an opportunity to submit a written statement, opening statement for the record.

[The information follows:]

******** COMMITTEE INSERT ********

The Chairman. Mr. Deal, for the last opening statement.

Mr. Deal. Thank you, Mr. Chairman. And thank you for holding this hearing, a series of panels today and tomorrow.

I want to welcome all of the witnesses who are joining us. Especially express my appreciation and welcome to Dr. Todd Williamson, who is the president of the Georgia Medical Association. Certainly, as we consider this draft this week, hearing from these witnesses is important.

Mr. Chairman, I think we have reached consensus that appropriate reforms are necessary, but we differ with respect to the right methods of reform which will yield cost and higher-quality savings and the decisions that should be left to doctors and patients and not Federal bureaucrats as they make choices about health care for our people. More government, in my opinion, is simply not the answer, but the draft before us seems to think that that is the answer.

As far as the Republican views are concerned, we have seen thus far an attempt to approach health care reform in a bipartisan fashion that has resulted in what we consider to be a partisan proposal which refuses to address the concerns of Members on our side of the aisle. Last Friday, we received an 852-page reform draft. That is merely 1 legislative day before the committee began its hearings.

We are concerned about the cost. The Congressional Budget

Office has yet to weigh in on those costs. Early analysis by Mr. Steve Parente, who testified before our Health Subcommittee yesterday, scores the legislation at a whopping $3.5 trillion over the next decade. We need to come up with real solutions to improve health care that American families can afford.

The promise of the Obama administration and the leadership here on the Hill has been that if you like what you have, then you can keep it. I believe that is simply a play on words, because if this draft does what I think it will do, it will destroy that private health insurance market and will ultimately lead to what I consider a one-size-fits-all government plan.

If we focus on reforming the health care delivery system with the benefit of the American people in mind, then we should not focus our efforts on things that will destroy the private insurance market. I believe we should be encouraging physicians to enter into the field of medicine as the demand for health-care-related services will continue to grow.

But with the proposal before us today, which benchmarks public plan reimbursements to Medicare, that in itself continues to drive providers out of the system. And I believe we will fall short of the objective that all of us share: of having a system that encourages doctors to enter, it promotes physician-patient-driven decisions, and allows everyone to gain access to health care coverage.

Mr. Chairman, we all agree that changes to our health care

delivery system have the potential to yield significant savings and improvements in the efficiency of delivery of care, but we must ensure that reforms that we put into place promote competition and transparency.

As we move forward, I hope we will get that CBO score. I think it is important to the deliberations that lie before us.

And, Mr. Chairman, I want to reiterate again that those of us on our side of the aisle look forward to being able to work in a bipartisan fashion as we consider the potential for amendments that will obviously be suggested.

Thanks again to our witness, our Secretary, and thanks to all the witnesses who will make up the panels that will follow.

With that, I yield back.

The Chairman. Thank you very much, Mr. Deal.

Well, it is my pleasure to welcome Kathleen Sebelius to our committee for the first time as our Nation's Secretary of Health and Human Services. And it is highly appropriate that your first testimony is on the reforming of the Nation's health care system. That is the President's highest priority and is a subject on which the Secretary brings a unique breadth of experience, most recently as a two-term Governor of Kansas, service for 8 years as Kansas State Insurance Commissioner -- exceptionally valuable experience as we proceed with enacting and implementing health care reform -- and, before that, 8 years in the Kansas House of Representatives.

Madam Secretary, I want to welcome you. We look forward to

working with you and to your testimony today. Your full prepared statement will be in the record, and we would like to recognize you to proceed as you see fit.

STATEMENT OF THE HON. KATHLEEN SEBELIUS, SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Secretary Sebelius. Thank you, Chairman Waxman, Chairman Emeritus Dingell, Ranking Member Barton, Chairman Pallone, Ranking Member Deal. Thank you for this opportunity to join you for a critical conversation about health reform in America.

As the chairman emeritus has already recognized, my father did serve on this committee, and he was here when Medicare was passed. So I feel privileged to be part of this historic conversation and delighted to have the chance to work with you on this critical issue.

No question that your release of a discussion draft last week with your colleagues from Education and Labor and the Ways and Means Committees represents an historic moment in this debate. We not only appreciate the hard work you have already done but are grateful for all the work that you are about to do as we work together to, at long last, enact reform.

Health reform constitutes one of our most important domestic priorities, and we know the cost of doing nothing is simply too high. As the President has said, unless we fix what is broken in our current system, everyone's health care is in jeopardy. Reform is not a luxury, it is a necessity.

Today in America we have, by far, the most expensive health system in the world. We spend 50 percent more per person than the

average developed country, spending more on health care than housing or food. Health insurance premiums have doubled since 2000, and the high cost of care is crippling businesses who are struggling to provide care to their employees and stay competitive in this global world.

Small businesses and their workers, the backbone of the American economy, are clearly suffering. As recently as 16 years ago, 61 percent of small businesses offered health care to their employees. Today, only 38 percent do.

Last week, I was in Congressman Pallone's district with business owners in New Jersey who met with me about the sacrifices they have to make in their companies in order to provide health benefits to their employees. Even then, some of their employees can't afford the care they need.

We spend more on health care than any other Nation but aren't any healthier. Only three developed countries have higher infant mortality rates. Our Nation ranks 24th in life expectancy among developed countries. More than one-third of our citizens are obese. And we know that 75 percent of our health costs are spent on chronic disease.

Without reform, these problems only get worse. In 2008, we spent an estimated $2.4 trillion on health care. If we do nothing, by 2018 we will spend $4.4 trillion. Today, we spend about 18 percent of our GDP on health costs. Doing nothing, those costs reach 34 percent of GDP by 2040, and 72 million Americans

will be uninsured. The CBO has recently estimated that, by 2025, 25 percent of America's economic output will be tied up in the health system, limiting all our other investments and priorities.

So there are many problems with our health system today, but there is also a reason for optimism. Across this country there are lots of examples of hospitals and providers who are using new technology, cutting costs, and improving the quality of care.

Two weeks ago, I was in Omaha, Nebraska, at Lakeside Hospital, an Alegent health care system, one of the Nation's first fully digital hospitals, and saw firsthand how health information technology can help doctors and patients. Health care providers like the Kaiser system in California, the Mayo Clinic, Geisinger, Intermountain Health Care, have lowered costs but, more importantly, have improved outcomes for their patients. I have spoken to community health center providers from Ohio, Tennessee, and Pennsylvania who have helped outline how health information technologies helped them save resources and provide better care. Our challenge is how to take the best practices and spread them across the entire country.

I have every confidence we can meet the challenge and achieve the goals of achieving of reducing costs for families, businesses, and government, protecting people's choices of doctors, hospitals, and health plans, and, at long last, assuring affordable, quality health care for all Americans. And we can do it without adding to the deficit.

Now, the President is open to good ideas about how we finance health reform, but we are not open to deficit-spending. Health reform will be paid for, and it will be deficit-neutral over 10 years.

The President has already introduced his proposals that provide about $950 billion over the next decade to finance health reform. Many of the resources come from wringing waste out of the current system and aggressively prosecuting fraud and abuse. We are currently paying for strategies which don't work or overpaying for medicines and equipment. It is time to make a better use of these dollars.

We know that reform can reduce costs for families, businesses, and government, protect people's choice, and assure affordable health care. As we move forward, we will be guided by simple principles: protect what works about health care, and fix what is broken.

We have reviewed the key features of the tri-committee draft proposal, Mr. Chairman, from you and your House colleagues, and it is clear that you and your committee have embraced these principles.

By creating a health exchange that will ensure numerous private insurance plan options along with the public insurance option, the plan promotes choice and competition. By lowering health costs and providing premium credits, the plan makes health care affordable for all Americans. By investing in prevention and

wellness initiatives, we help to prevent disease and illness and allow Americans to live longer, healthier lives. And with meaningful delivery system reforms, your policies offer lower-cost yet higher-quality health care.

Under the plan you have proposed, Americans will no longer have to worry about being denied care because of a pre-existing condition. They will have easier access to tools that can help them prevent disease and stay healthy. Investments in primary care and underserved areas will improve all Americans' access to care. And the Medicaid reforms proposed in this bill have taken important steps to improve the critical safety net program, making it an income-based program and improving reimbursement for primary care.

This discussion draft represents an historic step forward. And while we are still examining all the details, I agree with the President, who said this proposal represents a major step toward our goal of fixing what is broken about health care and building on what works.

So, Mr. Chairman, I am eager to work with this committee and your colleagues in the House and colleagues across the aisle in the Senate to deliver the reform we so desperately need. And I appreciate the opportunity to engage in this discussion, and look forward to your questions.

[The prepared statement of Secretary Sebelius follows:]

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The Chairman. Thank you very much, Secretary Sebelius, for your testimony.

I want to start off the questions period myself.

This issue of health care reform was part of the campaign President Obama waged in order to be elected President. And if there is any issue for which he has a clear mandate, it is to work on this very issue. And he has made this his number-one domestic priority. And I want to underscore, in questioning you, some of the aspects of what he hopes to accomplish and what he wants us to do in this effort.

Based on the President's approach, our draft -- and it is just a draft -- sets out a comprehensive approach to reform. It addresses prevention and wellness; the health care workforce; quality of care; broad-based, shared responsibility in dealing with the costs; and coverage through insurance reforms; a new exchange for people to go to get their insurance; affordability credits; improvements in Medicaid; substantial savings and improvements in Medicare.

Is this what the administration is committed to, or should we approach this in a more compartmentalized manner? Should we approach this in a comprehensive way?

Secretary Sebelius. Well, Mr. Chairman, as you said, this was one of the key priorities of then-Senator Obama and now-President Obama, and he believes strongly that we can't fix

the economy without fixing health care. And so a comprehensive approach to a reform of the system is what is required and, I think, is what this legislation addresses in many of its components.

There is no question that you can't do just one thing at a time in order to have the system work for all Americans and fundamentally lower costs. There is no question that we can't continue on the cost curve that we are on right now. It is unsustainable and will not serve anyone well. Those who have health insurance now are a month, a year, 2 years away from not being able to afford the coverage they have. Those who don't have coverage can't access some of the best technology and the best medical care in the world.

So we need a comprehensive approach, and we need to essentially shift the system toward wellness and prevention and away from the sickness system that we have. So I think the elements that you have put forward in the discussion draft do just that.

The Chairman. Undertaking this kind of comprehensive reform is pretty complicated, and it is going to require an enormous amount of effort from Members of Congress, some of whom will say, "Well, maybe we should delay, maybe we should go slower, maybe we should do it next year or the year after."

What is the administration's view of the timetable for action and the need for action?

Secretary Sebelius. Well, I think the President feels strongly that there is an enormous urgency about this issue which has directly to do with our economic well-being as a Nation and our competitiveness in a global society; that our workers are less competitive with their colleagues across the world because of the increasing costs of health care borne by individual business owners.

Small-business owners, the engine of our economy in States across this country, the fastest growing segment of our economy, are often less competitive to have high-quality workers, talented workers because they seek to have health care provided along with their wages, and too many small employers can't any longer do that.

Our focus on prevention and wellness needs to be dramatically increased so we not only have a healthier society and lower costs, but have a society where our children are not facing the prospect, which currently American children face, where we are seeing the first generation who may live shorter lives than their parents based on the rise in diabetes.

So we have some challenges, Mr. Chairman, that cause us to enact legislation this year, to urge the action of both the House and the Senate on this important issue. It is difficult, it is complicated. If it were easy, as the President likes to say, it probably would have been done a long time ago.

The Chairman. Let me ask you one last question, because my

time is almost out. We have businesses who pay too much; we have government that is paying too much. We have small businesses who can't afford it at all for their employees. And, of course, if you are without insurance and you have to go pay for your health care bill, it is impossible. So a lot of people go without the needed services.

Do you think we need a shared responsibility for every sector -- individuals, employers, providers, and government -- to move forward together and that everyone has to share in the cost? No particular sector says somebody else will pay for me, but we all have to be in there and share in the costs? And, collectively, we are all better off as a society.

Secretary Sebelius. Well, I don't think there is any question that, if you build on the current system, which is absolutely what the President wants to do and what the discussion draft proposes, then there is a shared responsibility.

Over 99 percent of large employers provide health care coverage. A lot of small employers already do, but some don't. We have situations where some Americans opt in and some opt out of the insurance market. We need more personal responsibility, certainly, in the life choices we make, which can help lower health costs. We need parents to get involved and informed. We need more preventive care.

So there is certainly a sense that we are in this together. This is a fundamental issue. It is probably the most personal

issue to every American, what happens to their health care, their family's health care. And I think there is no question that it needs to be comprehensive and it needs to involve everyone.

The Chairman. Thank you very much.

Mr. Barton?

Mr. Barton. Thank you, Mr. Chairman.

Thank you, Madam Secretary, for being here.

You said in your opening statement that there would be no deficit-financing as a result of this health care reform package if it became law. Is that literally true?

Secretary Sebelius. Mr. Chairman, I was quoting the President. The President has said consistently that he will not sign a bill unless it is paid for.

Mr. Barton. So, we just want it established on the record right off the bat that there will be no increase in the deficit as a result of a comprehensive health care package if it does become law? That is just, I mean, plain language.

Secretary Sebelius. That is what the President has stated as one of his top priorities: It will be paid for within the period.

Mr. Barton. Okay.

Let me walk through just one part of your program. Creates a new category of coverage under Medicaid at 133 percent of poverty, which will be 100 percent paid for by the Federal Government, no State match, for childless adults between the ages of 19 and 64. This one provision, if I understand it correctly, could add as

many as 20 million Americans to the Medicaid program.

Now, I don't know what the cost number is for coverage per person under Medicaid, so I just picked a number. And if my number is wrong, correct me. But I said $6,000 a year for insurance. That may be too high. But if you cover 20 million people at $6,000 per year, that is $120 billion right there per year.

How do you pay for that? What are some of your pay-fors? Because, in the bill, they are to be determined later. So give me an example of a pay-for that is $120 billion a year.

Secretary Sebelius. Congressman Barton, the President has proposed about $660 billion in savings from the current Medicare and Medicaid program. In addition, he has proposed revenue enhancers of about --

Mr. Barton. That is over a 10-year period.

Secretary Sebelius. Yes, sir. And I think your figure is --

Mr. Barton. Per year. $120 billion per year.

Secretary Sebelius. Well, I would start with the premise that, first of all, I don't know the numbers accurately, and I assume that your $20 million is within the ballpark.

I just can tell you that, whatever the proposal that comes forward, the President has insisted that the bill will be paid for. The measures that are proposed will be paid for.

Mr. Barton. You are a former Governor, I believe. Isn't that correct?

Secretary Sebelius. Yes, sir, two-term.

Mr. Barton. I believe of Kansas, is that --

Secretary Sebelius. Kansas is the State.

Mr. Barton. Governor of Kansas. Does Kansas have a balanced budget requirement for its State budget?

Secretary Sebelius. Yes, sir.

Mr. Barton. It does. Okay. When you were Governor of Kansas, by law, you had to submit pay-fors when you submitted a budget that spent money. Isn't that correct?

Secretary Sebelius. Well, we spent money within the revenues we had.

Mr. Barton. Yes, ma'am. Now, again, my numbers may not be the number, but they are definitely in the ballpark. If I give the President the benefit of the doubt that there are out there $600 billion over 10 years in savings, $60 billion a year, this one expansion in Medicaid is still $60 billion a year short.

You are the Secretary of Health and Human Services. I assume you have had some interaction with Chairman Waxman and Chairman Rangel, Chairman Miller in providing this draft bill. You have to have some idea of how you are going to pay for it.

And, again, I am giving you the benefit. If the President says he can save $60 billion a year, I will stipulate, for purposes of this hearing, he saves 60. But I think you need to put $60 billion more in savings or in tax increases on the table.

Secretary Sebelius. Well, Mr. Barton --

Mr. Barton. You had to do it when you were Governor.

Secretary Sebelius. That is true, sir. And this is a discussion draft. What I can assure you is, at the end of the day, the bill that passes will be paid for. We will work closely with the chairman here in the House and the Senators on the other side to come up with strategies to do just that.

Mr. Barton. Well, shouldn't we tell them upfront?

Secretary Sebelius. We don't have a CBO score yet for this bill nor a score for the various proposals that are in this bill. But I can --

Mr. Barton. But at least you have to put on the table where you are going to get the money.

Secretary Sebelius. I understand.

Mr. Barton. It is not a box of chocolates, you don't know what you are going to get, and you just pull it out, "Oh, there is $60 billion." Whatever.

Well, Mr. Chairman, my time has expired. But I think we have established a basic point. I mean, it is a good thing if you are going to have no deficit-financing. I commend the President for that. But it is a bad thing if you don't shoot straight with the American people where you are going to get the money.

And nobody says that we are going to be able to save money to pay for these huge expansions, totally by savings pay for these huge expansions. I just pointed out one part of bill, and already we are at least, in my numbers, $60 billion per year short.

Thank you, Mr. Chairman.

The Chairman. Thank you, Mr. Barton.

Mr. Dingell?

Mr. Dingell. Mr. Chairman, I thank you.

Madam Secretary, again, welcome. My questions will, I hope, evoke a yes or no answer.

Would it be appropriate to state that the tri-committee discussion draft that was released last week aligns with the health reform principles the President has outlined earlier this year? Yes or no?

Secretary Sebelius. Yes, sir.

Mr. Dingell. Now, Madam Secretary, there has been quite a bit of discussion about the inclusion of a public health insurance option in the reform legislation. Does President Obama support the inclusion of a public health option in the reform legislation?

Secretary Sebelius. Yes, he does.

Mr. Dingell. Madam Secretary, hospitals and doctors are not required to participate in the public option. Is that correct?

Secretary Sebelius. That is correct.

Mr. Dingell. Premiums and co-payments under that part of the proposal will cover the claims, will they not?

Secretary Sebelius. I am sorry, sir?

Mr. Dingell. I said, premiums and co-payments under the public option will cover the costs.

Secretary Sebelius. That is my understanding.

Mr. Dingell. The public option must adhere to the same rules and regulations as all other plans.

Secretary Sebelius. That is correct.

Mr. Dingell. The public option will be administered by a separate agency from the one that runs the exchange.

Secretary Sebelius. That is the way the draft is written, yes, sir.

Mr. Dingell. The public option will offer the same minimum benefit design as all other plans in the exchange.

Secretary Sebelius. Yes, a level playing field.

Mr. Dingell. Individuals and families will be permitted to apply subsidies towards both public and private plans in equal fashion.

Secretary Sebelius. Yes, sir.

Mr. Dingell. And I apologize, too, Madam Secretary, but we have a lot of business to do here, and I hope I am not being discourteous.

Madam Secretary, there has been justified concern over the consolidation of the health insurance market and the impact it has on health insurance claims. According to the American Medical Association, 94 percent of the insurance markets in the United States are now highly concentrated. This has decreased the amount of competition, and this is a major cause of spiraling health concerns. Yes or no?

Secretary Sebelius. There is a monopoly in much of the

country in the private insurance market, yes.

Mr. Dingell. Now, this is a serious concern then. How does the public plan address this concern? And this is not yes or no.

Secretary Sebelius. I appreciate that.

I think what the public option within the marketplace, within the new health exchange, does is use market principles -- competition and choice -- to lower costs and provide consumers a choice of plans.

So I think that the public option -- absent a public option, in many areas in the country, two-thirds of my State, for instance, and States around this country, there would be only one choice, which is not terribly effective in terms of holding costs down and certainly does not provide consumer choice of a side-by-side plan, which is why States in State employee plans create public options standing side by side with private, why many States have done that in the children's insurance program, side-by-side options, to give choice and provide some competition.

Mr. Dingell. Now, Madam Secretary, as a former Governor and a former insurance commissioner, you are able to speak to this question. State insurance regulators are not able to regulate except as regards solvency of the insurance companies. Is that not correct?

Secretary Sebelius. Sir, they can regulate solvency and also have some cost regulation, but, frequently, if there is no choice in the market, cost regulation is almost irrelevant.

Mr. Dingell. So competition being put into the market would be the one thing that would make this system work by having the public option there. Is that correct?

Secretary Sebelius. Well, again, it is a marketplace strategy that competition is often much more effective than heavy-handed regulation.

Mr. Dingell. Now, Madam Secretary, there are questions about whether the tri-committee proposal is a complex concept. It includes exchanges, a public health option, subsidies, Medicare and Medicaid improvements, responsibilities for individual employers.

Will the administration be able to fully implement and administer this proposal?

The Chairman. Thank you, Mr. Dingell.

Secretary Sebelius. Yes.

The Chairman. Your time has expired, but we do want the to get the answer.

What is the answer?

Secretary Sebelius. Yes, sir.

The Chairman. That is it?

Mr. Dingell. That is why I asked it that way, Mr. Chairman.

The Chairman. Thank you, Mr. Dingell.

The gentleman from Georgia.

Mr. Deal. Thank you, Mr. Chairman.

Madam Secretary, our esteemed chairman made a comment back

during the markup of the American Recovery and Reinvestment Act, which said, "I think it is highly unlikely that you are going to find millionaires who would like to go on Medicaid."

One of the concerns that this bill arises in the minds of many of us is whether or not we are treating low-income citizens as second-class citizens by automatically enrolling them in Medicaid.

So my question would be this: Why do you believe that a family making $29,000 a year is not as able to make choices as a family making $30,000 a year? And why would it be better to simply automatically enroll them, with no choice, in Medicaid, as opposed to giving them a subsidy to allow them to go into the private insurance market?

Secretary Sebelius. Well, Congressman, some of those families, a limited number, are in jobs right now where they have employer-provided coverage, and they certainly would not shift that coverage.

But a large number, particularly of, not families, but single adults who are at 100 percent or below the poverty line, who are making often a very small amount of money, have no coverage at all. They are uninsured and find themselves not in an ownership capacity.

So I think the committee's look at expanding Medicaid to 133 percent also follows the experience of many States that have already done that and found that the most effective strategy to

expand coverage. It is a larger market. It often provides a benefit package that is cost-effective and, frankly, is often far less expensive than the private options that exist, which is why States who have expanded coverage have chosen the Medicaid route instead of the private insurance route.

Mr. Deal. As I understand the draft, it would propose that everyone under the age of 65 who is under the 133 percent of the Federal poverty level would be enrolled in Medicaid.

Can you give us, first of all, how many people do you think that that encompasses? And how many of those people currently have private health insurance?

Secretary Sebelius. Sir, I don't want to cite numbers off top of my head. And I can easily return to you with those numbers. I apologize.

I know that there are a fairly significant number of the so-called childless adults, not parents, typically because a number of States, again, have taken steps for parents whose children are eligible for the CHIP program to actually provide expanded family coverage, because they found that a very effective strategy when enrolling children.

But I think we are talking primarily about childless adults often below that -- I think they make less than $6,600 a year if you are at 133 percent of poverty. And I can get back to you with those specific numbers. I apologize.

Mr. Deal. Would you please do that?

Secretary Sebelius. Yes.

Mr. Deal. On page 73 of the bill, there is a provision that provides for automatic enrollment --

[Interruption in hearing room for medical emergency.

Brief recess.]

The Chairman. The committee will come back to order.

A young woman who is an intern here on the Capitol got dizzy, fell down, and hit her head. And she was attended to by a number of members and staff who are medical people, doctors, and the emergency assistance at the Capitol. So hopefully she will be fine, God willing, and there will be no consequences as a result of it.

But I do want to make that comment. And as we get any further reports, I will inform everybody of the situation. We are distressed about this incident, but with good medical care and the resilience of youth, even the President's health care bill will not scare her from recovery. Maybe the hope of it will spur her on.

Mr. Deal, you were in the middle of your questions, and I want to recognize you for 2 minutes.

Mr. Deal. Thank you, Mr. Chairman.

Madam Secretary, on page 73 of the bill, it provides for the automatic enrollment of individuals into the Medicaid program.

I want to just ask you if the citizenship and identity verification requirements that are in the current law will still

appertain into the automatic enrollment processes.

And will you assure us that individuals who are illegally in our country or otherwise ineligible for taxpayer-supported Medicaid will not be enrolled under this provision of this bill while you serve as our Secretary?

Secretary Sebelius. Mr. Deal, I can assure you that States now, because of the various Federal rules requiring verification of identity, have those systems in place and really have, I think, developed systems to verify identity not only of existing clientele but of enrolling clientele. And that would certainly be in place as we move forward.

RPTS SMITH

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[10:40 a.m.]

Mr. Deal. So it would not be your intention or something that you would not allow to happen that the automatic enrollment process would not overlook or override those current verification requirements.

Secretary Sebelius. That is correct.

Mr. Deal. Thank you, Madam Secretary.

And I yield back my time, Mr. Chairman.

The Chairman. Thank you, Mr. Deal.

Mr. Pallone, the chairman of the subcommittee.

Mr. Pallone. Thank you, Mr. Chairman.

And thank you, Secretary, for being with us today.

I wanted to take my time just to ask about Medicare and Medicaid. I think there is a certain amount of confusion because, obviously, in this discussion draft, and the President has stressed, that we can save money that would be used to pay for this plan through savings in Medicare and Medicaid. But, at the same time, there are major enhancements and improvements in both programs that are in the discussion draft. And I think there is a certain amount of confusion about that.

Overall, I think that if you view the combination of the Medicare and Medicaid savings and the benefit enhancements,

overall there is a marked improvement in both Medicare and Medicaid. But I wanted to just ask you questions about that.

In other words, the draft proposes to begin filling in the donut hole in the Medicare prescription drug benefit, to eliminate cost-sharing on preventive services, to expand the eligibility and accessibility of Medicare subsidies for low-income enrollees.

Taken as a whole, how do you view the combination of these Medicare savings proposals and the benefit enhancements as an improvement in the Medicare program?

Secretary Sebelius. Well, Congressman, I think that there is no question right now that there are areas where we are spending money that don't result in higher-quality care or better results for patients. I think what this discussion draft puts forward is a way, as you have suggested, to enhance the current program, to put dollars into areas where we think there will be much better results for patients.

Hospital re-admissions is a category that is targeted for some focused attention. One out of every five patients leaving the hospital is re-admitted within a series of weeks. That is not good for the patient, and it certainly costs a lot of money to the system. So, coordinating post-release care, actually providing incentives for follow-up care is a significant improvement that will not only lower cost for re-admissions but actually provide a lot better care for the patients.

And those, I think, are the kinds of examples that the

discussion draft incorporates. Better quality in the long run, following what we know are best practices that are in some parts of the system but not appearing throughout the system, and, frankly, not continuing to overpay for services that have no shown benefit or result.

Mr. Pallone. Did you want to talk about filling the donut hole in this context? Because I know that is very much on the minds of the seniors, and we do propose to do that in this discussion draft.

Secretary Sebelius. Well, I think that is a huge step forward. As you saw, the chairman of AARP recently endorsed the strategy that is appearing in both the House and the Senate to fill the donut hole.

It is a huge issue. I can tell you, as an insurance commissioner, we used to face this situation with citizens who had no idea or really hadn't counted on the fact that their benefits would suddenly cease and their premiums would continue on. They hadn't saved appropriately for it. And often they were the -- I mean, the first people to hit the donut hole were the folks who had the highest cost in prescription drugs. And it was not only a huge shock but something that forced a lot of people to stop buying their medications, to stop following the doctor's prescriptions, to end up in the hospital again without the care to keep them well.

So this is a huge issue for seniors across this country who

have benefitted greatly from lower-cost drugs but, when they hit the barrier, are really in worse shape than they were in the beginning because they are still paying premiums and they have no health prescription benefit.

Mr. Pallone. Now, what about Medicaid? There is a major expansion here in terms of increased reimbursement rate, covering people in many States that, you know, that are below the 100 percent or the 133 percent with Federal dollars. Would you want to comment on that?

Because I just want to stress how, even though we are having savings from Medicare and Medicaid, we are really improving the programs significantly.

Secretary Sebelius. Well, there, again, a lot of the conversation with providers, at least in my home State, was not really focused on Medicare, which is often a very popular program, but on Medicaid, which often under-reimburses doctors and particularly primary care and family providers. So, enhanced reimbursement for primary care, I think, is a huge step forward.

And, frankly, having a situation where, if you are an adult or a family below 133 percent of poverty, wherever you go, you would have the same benefits. If you move across the State line, if you need to travel with your family elsewhere, you would have similar benefits, the kind of portability that currently is not available to a lot of people because the benefits change each State at a time. So that is a significant step forward.

Mr. Pallone, while you are discussing Medicaid, I just wanted to share with the committee that at least my staff has told me that the number, at least that we have been given by CBO, for childless adults, non-disabled childless adults who are in Medicaid is really a $3,000-a-person average cost, not $6,000 as was suggested.

Mr. Pallone. Thank you very much.

The Chairman. Thank you, Mr. Pallone.

I want to now recognize Mr. Whitfield.

But I do want to announce to members there is pending on the House floor a Republican motion to adjourn. We are going to continue the hearing, so those who want to respond to that vote should do so and then come back. But we will proceed.

Mr. Whitfield?

Mr. Whitfield. Mr. Chairman, thank you very much.

And, Madam Secretary, we are pleased that you are with us here today.

You know, the question about the prescription drug benefit reminds me that, of course, before we passed the prescription drug benefit, most citizens on Medicare did not receive that benefit, and so they were paying for those medicines. And now we are trying to fill the donut hole so they don't have to pay for that either.

So, as politicians, you know, we like to expand coverage and give coverage and make it -- it sounds like that we don't want

anyone to pay for anything. And yet, I know your father was involved with Medicare, according to your testimony, and I was looking at some of the debate about Medicare when it was adopted in 1965, and they were making some of the same arguments that you were making, really, in your testimony. And in 1965 they projected that, by 1990, the cost of Medicare would be $9 billion. As it turned out, it is almost $200 billion.

And so, we all like to -- we know that our health care needs to be reformed. And then when you talk about it being paid for, it is going to be budget-neutral, and then when they talk about, well, we are going to get a lot of money out of increasing efficiencies, wringing waste out of the current system, and being more aggressive to stop fraud, you know, it is so nebulous.

And you are a very practical person. You have had experience as a governor. Do you honestly think that we can reform this system and actually save money and yet provide better quality health care?

Secretary Sebelius. Congressman, I do. And I do so not based on some hypothetical situation, but based on visiting health systems throughout this country, in the middle of the country, on the coasts, that do just that: who have higher-quality outcomes time-in and time-out for their patients, who have used technology and the provider protocol provided to make sure that the results are better each and every time, and who lower cost.

I have seen it in systems around the country, and I am

absolutely confident that we can do it throughout the United States.

Mr. Whitfield. Well, I am glad you are confident, but, you know, I really am skeptical about it. But I hope you are right.

But when we talk about being budget-neutral, that is good for the government, and, of course, the taxpayers pay for the government. But then this bill has a pay-or-play mandate on employers, requiring them to provide a minimum benefit, as established by the Health Benefits Advisory Council, of 8 percent of wages paid. So there is a mandate there for small-business people to pay 8 percent of wages to provide a benefit defined by a commission that is established in this bill. So, for these small-business people, I mean, if someone has wages they are paying $500,000 a year, that is going to cost them $40,000.

Now, are you concerned about the ability of small businesses to be able to continue to be competitive and provide jobs for the employees and pay this, as well?

Secretary Sebelius. Well, absolutely, I am concerned about the competitiveness of our small-business owners. And I think health care costs are one of the areas that is a huge challenge for every small-business owner I talk to. They can't get great employees without offering health benefits. They are priced out of the market.

So, several things in this bill. First of all, the discussion draft makes it clear that there will be a specific

small-business exemption from the pay-or-play. It is my understanding that the committees are still working on the language. So that will occur. It is in the Massachusetts --

Mr. Whitfield. No, I know that there is an exemption, but there are going to be some people that will be hit by this.

Secretary Sebelius. And the --

Mr. Whitfield. And that is okay.

Secretary Sebelius. -- creation, though, in the marketplace, I would suggest, actually gives them a cost advantage that they don't have now, pooling larger risk, giving affordable coverage.

Mr. Whitfield. Let me ask you just one other question, because my time is about expire. One of the criticisms we always hear about a one-payer, single-payer system and universal health coverage in other countries is that it rationalizes health care. And, in America, our most expensive part of health care deals with end-of-life care. That is a big percentage of the way we spend money.

And I am not saying there is anything wrong with rationalizing health care. But, to really get big savings, do you think that we should be rationalizing health care in the U.S.? Many countries do because that is the way they control their costs. I mean, do you think that we should be doing that?

Secretary Sebelius. Absolutely not. I think that, again, the creation of a health exchange marketplace is not a single-payer system. And I think you will hear today from some

proponents who will strongly suggest that we should be looking at a single-payer system, but that is not what the President, that is not what the chairman have put forward. They have put forward a plan that builds on the current system.

Rationing care, frankly, is something that happens each and every day under our current system, and it is often done by private insurers who get between a doctor and their patient and decide which practices can be met, which procedures can be paid for, what prescriptions.

I think this is an opportunity, really, to make sure we have more patient-centered care, that we follow the protocols that work.

Mr. Whitfield. Thank you, Mr. Chairman.

The Chairman. Thank you, Mr. Whitfield.

Mr. Markey?

Mr. Markey. Thank you, Mr. Chairman, very much.

Last year, Madam Secretary, I introduced legislation with then-Congressman Rahm Emanuel and Congressman Chris Smith from New Jersey called the "Independence at Home Act." And the bill created a Medicare pilot project focused on improving the coordination of care and reducing costs for the most vulnerable Medicare beneficiaries, those with multiple severe, chronic conditions, such as Alzheimer's, ALS, Parkinson's, and other complex, debilitating diseases, who also need help with two or more activities of daily living, such as dressing, feeding, et

cetera.

CBO has reported that 5 percent of Medicare beneficiaries account for 43 percent of overall Medicare spending. And CMS has noted that approximately 20 percent of Medicare beneficiaries with five or more chronic conditions, account for 66 percent of program spending.

Could you talk a little bit about how we can focus on those Medicare beneficiaries with multiple chronic diseases and how perhaps a program like that, focusing on home and better coordination, can help to reduce the costs?

Secretary Sebelius. Well, we have not only the demonstration that you are responsible for but, I think, a number of projects under way looking at coordinating care, particularly for the vulnerable, high-cost individuals. And, certainly, having an opportunity to do that in a home base instead of a hospital-based service is not only better for the patient but may provide some enhanced cost savings.

So we are eager to work with you, Mr. Markey, to continue to figure out better ways to not only coordinate care for individuals who suffer from various chronic diseases and have ongoing underlying conditions, but also to make it a more patient-centered system, which would lead us to more home care delivery.

Mr. Markey. Okay. So, in terms of home-based programs for the beneficiary population, do you see a shifting in that direction to make sure that, you know, we try to reduce costs by

trying to stabilize these people at home?

Secretary Sebelius. Well, as you know, there is a lot of effort under way, and a lot of it has been at the State basis, and I am hoping that with health reform we can have a real collaborative partnership on rebalancing care, both not only trying to prevent hospitalizations before they occur and provide care at home but also the nursing home. A number of the patients that you are describing often end up in a nursing home setting because they don't have access to the wrap-around services that they need.

So we would like to enhance that sort of home-based care, the care that really allows people to not only be more independent but also at a lower cost than in a hospital or a nursing home.

Mr. Markey. Our bill also would enable teams of primary care doctors, NPs, pharmacists, and other care providers to form an organization to contract with HHS to provide services to these chronically ill beneficiaries in their homes as part of a 3-year demonstration.

The organizations would be required to achieve savings of at least 5 percent compared to what these beneficiaries would cost if they were served by these coordinated care organizations. If they don't, they must repay Medicare. If they achieve more than 5 percent, they can keep 80 percent of these savings, with 20 percent of the savings returned to Medicare.

Do you think that makes any sense, to have cost-savings

sharing as a system that we could construct in the country?

Secretary Sebelius. Well, I certainly support the notion of beginning to pay for outcomes and not for contact. Too much of the Medicare system is driven right now by the number of times a provider touches a patient, not necessarily what happens at the end of the day.

So the system you describe, which not only would provide for a coordinated strategy, which is really what we need to occur throughout the country, but also save money, it makes sense to provide those incentives to providers.

Mr. Markey. Great.

Thank you for your service. Thank you for being here.

The Chairman. Thank you, Mr. Markey.

Mrs. Christensen?

Mrs. Christensen. Thank you, Mr. Chairman.

And I guess there is some benefit, I guess, at least in this instance, to being a delegate and not having to go to vote.

Welcome, Madam Secretary. It is good to see you.

Last week, we had some very good conversations on health disparities, but I note that, at least in reading your testimony, because I had to step out, both in the Senate and here, there was very little, if any, reference made to this very important issue that, by itself, results in close to 100,000 premature, preventable deaths every year.

So I hope that you will work to ensure that your entire

Department is very sensitive to this critical issue and that the Office of Minority Health and, in particular, the National Center for Minority and Health Disparity Research will be elevated to an entity that is very critical to achieving the goals of eliminating health disparities.

The bill directs that a national prevention and wellness strategy initiative be in place, and you will be responsible for identifying the key health and health care disparities. Could you discuss briefly how you plan to fulfill this requirement and ensure that all areas of concern be identified?

And how will the Agency for Healthcare Quality and Research be involved, since they have been doing national health disparity reports for the last 5 years?

Secretary Sebelius. Well, as I shared with you, Congresswoman, last week, I am, as the new Secretary, concerned that we make sure we do a lot more than publish the yearly reports, which have alarming statistics about health disparities. And, frankly, they are not getting any better; the gap is, in fact, widening.

Health reform is a piece of the puzzle. I don't think there is any question that having access for everyone to higher-quality preventable care, a health home, is a step in the right direction.

But I had a recent very productive meeting with stakeholders representing a lot of the groups who are often underserved and assured them that we not only wanted a one-time meeting but I want

an ongoing strategy.

I have met with our team at our Center for Research and Quality about how it is that we are going to actually begin to close this gap, because just providing reform and continuing the gap doesn't work.

So we are aggressively taking on not only what has been already reported as effective strategies, but want the new team to be particularly focused on the issue of great concern to you and to me.

Mrs. Christensen. I have another issue of great concern that really relates to territories. In your testimony, you said that reform is not a luxury, it is a necessity, and I definitely agree with that. And, because it is a necessity, I think that certain issues, like equitable coverage for all Americans, should not really be held hostage to cost. And we discussed that a lot at the hearing yesterday.

That said, I am interested in hearing your thoughts about the treatment of the U.S. territories in the current draft. We have been working for years to remove the Medicaid cap. The bill, while it does provide additional funding to the territories, does not move us in that direction at all. And we are not eligible for subsidies.

So, to me, it makes it far less possible for men and women, American citizens, legal residents living in the territories to achieve the benefits that this bill will provide for the rest of

Americans. So I would like to hear your thoughts on that.

Secretary Sebelius. Well, Congresswoman, I would like to provide an opportunity for you to have that discussion with me and our staff and really would like to work with you as this process -- this is a work in progress, and it is a discussion draft. And I would just like to work with you to see how we can help enhance the areas that you have identified as problematic.

Mrs. Christensen. Thank you.

Thank you, Mr. Chairman.

The Chairman. Thank you very much, Mrs. Christensen.

Mr. Stearns?

Mr. Stearns. Thank you, Mr. Chairman.

Madam Secretary, I note that you earlier said that, with the donut hole, that the benefits stop and the payment continues. But, of course, you understand that is for a small amount of time until they get above a certain amount, and then almost 100 percent of their benefits are paid for.

I think you understand that. So it is not proper to say that their benefits stop, because their benefits --

Secretary Sebelius. Well, they stop for a substantial period of time, depending on how fast --

Mr. Stearns. Yeah, yeah, but -- anyway, I have two questions, Madam Secretary.

The President has indicated that if you -- he said, quote, "If you like your health care plan, you will be able to keep your

health care plan, period. No one will take it away from you, no matter what."

I have here -- The Lewin Group has done a study, and it is a bipartisan study, which found that 120 million people, nearly 67 percent of non-Medicare Americans, would lose their current coverage and be forced into a government-run insurance if a government plan was included.

Do you have any evidence that, if a government plan is offered, that 120 million people will be able to keep their current insurance?

Secretary Sebelius. Well, Congressman, it is my understanding that that Lewin study has been updated or at least disputed by a number of people, that those numbers were significantly higher than folks --

Mr. Stearns. So your answer is that you dispute the Lewin plan.

Secretary Sebelius. I do.

Mr. Stearns. Okay.

The next question is then, I have here a study by the HSI Network, LLC, June 24, 2009. Their study said that the bill we are discussing today would cost an astounding $3.5 trillion. Do you dispute that fact?

Secretary Sebelius. Sir, I am waiting to see what the CBO score says. I don't know the figures that you have just quoted. I don't know who the group is.

Mr. Stearns. Have you seen this report?

Secretary Sebelius. No, I have not.

Mr. Stearns. Okay.

Now, the President has indicated that if any bill arrives from Congress that is not controlling cost, that is a bill he can't support.

So the first question is, you don't agree this report; you don't know about it. They say it is going to cost $3.5 trillion. Where, if it is not 3.5 or 3.2 or, let's say, 2.8, where are you going to get the money to pay for this bill?

Secretary Sebelius. Again, Congressman, I think that once the bill is scored and once the proposals are put forward, I am eager to work with the committees in the House and the committees in the Senate to identify the cost savings.

The President has proposed about a billion dollars' worth of revenue enhancements and cost savings that he feels are appropriate to spend on this. There are other ideas that are being proposed by Members of the Senate and Members of the House, and we are eager to work on paying for the bill.

Mr. Stearns. Well, of course, $1 billion is not going to approach $3.5 trillion.

Secretary Sebelius. But, sir, I --

Mr. Stearns. So $1 billion is just a pittance compared to the 3.5 that this report shows it is going to cost.

Another question is that you really don't have any idea where

you are going to get the money to pay for this. Do you have any evidence that shows if the government spends $3.5 trillion that it will save money? Let's not take the $3.5 trillion, let's just ask you, if we spend all this money, where are you going to save it?

Secretary Sebelius. Sir, I think you start from the premise that we can't afford what we are doing. So not doing anything is not an option. $2 trillion-plus a year is being spent, and Americans are less healthy than they were years ago. So we have to change what currently is happening.

And I think there is every evidence that the combination of health technology, driving quality, and actually beginning to pay for prevention and wellness, promoting primary care instead of disease care, is a huge cost-saver over time. It is effective to have Americans in healthier conditions. It is good for our businesses, it is good for our workforce. So it will save money.

Mr. Stearns. Well, I think all the things you suggested both sides would agree on. What the question is is, how do we do that? How do we reform the system so that there is universal access, universal affordability, but at the same time, we don't have a government program that is going to cost $3.5 trillion that is not paid for, with no statistics to show that it is going to save money?

There could be an alternative suggestion. And I just suggest, Madam Secretary, that you read the HSI Network, LLC, report that came out and go back with the latest report from The

Lewin Group. And I think certainly before you come up here, you should have some answer how you are going to pay for this.

And, with that, I yield back.

The Chairman. Thank you, Mr. Stearns.

Ms. DeGette?

Ms. DeGette. Thank you very much, Mr. Chairman.

Madam Secretary, one area that I have been working extensively with Chairman Waxman and also Senators Rockefeller and Whitehouse on is legislation that would strengthen the Federal health care quality infrastructure in order to identify and track key health indicators, as well as to develop and implement new science across the States. What this bill does that we introduced would establish national priorities for health care quality, and it specifies that pediatric health care quality is one of the first.

And a lot of this legislation has now been incorporated in the discussion draft that we are talking about today. But the draft bill also contains a provision that requires the director of the Agency for Healthcare Research and Quality to work with you, as Secretary, to develop quality measures for the delivery of health care services in the United States.

And I think this is an important requirement, but I am worried about the implications for pediatric health care quality measures, because even though the discussion draft requires the measures to be designed to assess the delivery of health care

services to individuals, regardless of age, the section is funded with Medicare dollars. And so, under the previous administration, HHS determined that Medicare dollars could not be used for pediatric measures.

I am wondering if you can comment on this and what plans the administration has to address pediatric health care quality and what the view of the agency is going to be.

Secretary Sebelius. Well, Congresswoman, I think that we are convinced that Medicare can be a leader in improving quality of care for all Americans. And, certainly, the development of quality standards, I think, is appropriately done under that umbrella.

But all Americans definitely includes children, and that is a huge priority of the country's moving forward. So there will be a coordinated effort to make sure that the pediatric standards are very much developed in terms of quality outcomes.

Ms. DeGette. And do you think that can be done with the Medicare dollars? Or is that something we are going to have to explore, as we move forward to the final legislation?

Secretary Sebelius. In the discussions with our current leadership team at CMS, they are confident that we could fulfill the mandate that is in the bill right now to develop standards, including pediatric standards.

Ms. DeGette. Okay. Because there is -- I know you recognize, the medical establishment, and, of course, our icon who

was here, Marian Wright Edelman, who was here yesterday: Children are not just mini-adults. So we have to develop separate standards.

Secretary Sebelius. That is right.

Ms. DeGette. I wonder if you could talk for a minute about the administration's view on the title 7 health workforce dollars that are included in the discussion draft.

Secretary Sebelius. Well, I think, as you look toward the future of a reformed health system, workforce issues are hugely important. And I think that a step was taken, a significant step, in the stimulus act, beginning to fund the pipeline of critical health care workers: doctors, mental health providers, nurse practitioners, additional nursing staff.

And this discussion draft, I think, takes that to the next chapter, which recognizes not only a shift in incentives for doctors to focus on primary care, but also has enhanced workforce capacity, again, with a whole series of initiatives that would provide for more health care providers in more parts of the country.

Ms. DeGette. Thank you.

One last question. One of the provisions I was really pleased to have included in the discussion draft was the idea of auto-enrollment at birth for children whose parents don't have insurance plans, to put those babies in, and then 12-month continuous eligibility for children.

I am wondering if you can comment on the administration's position on that kind of auto-enrollment.

Secretary Sebelius. Well, I think it has been shown that the enrollment efforts vary from State to State, often. And some still require a face-to-face visit; others have various complicated forms.

So what has been proven as best practices, I think, is an easier presumptive enrollment when kids show up at the hospital. Certainly, auto-enrollment at the time of birth would facilitate including children in the system and make sure they get a healthy start on life. So I think that is a big step forward.

Ms. DeGette. Thank you.

Thank you very much, Mr. Chairman.

The Chairman. Thank you, Ms. DeGette.

Mr. Buyer?

Mr. Buyer. Thank you very much.

Madam Secretary, what type of revenue enhancers have been discussed?

Secretary Sebelius. Well, at this point, Congressman, the President has proposed a return to the itemized deduction that was present in the days of Ronald Reagan and feels that that would be an appropriate way to raise additional revenues.

Mr. Buyer. How much? About how much revenue would that raise?

Secretary Sebelius. $340 billion is my recollection.

Mr. Buyer. Okay. What are some other ideas that have been discussed?

Secretary Sebelius. That is the revenue enhancer that the President has proposed.

Mr. Buyer. That is $340 billion. What else?

Secretary Sebelius. That is the revenue enhancer that the President has discussed. He has also proposed over $660 billion worth of saving. So we are at about just under a trillion dollars.

Mr. Buyer. Okay. And we are still looking for another $2 trillion?

Secretary Sebelius. Sir, I don't know -- I have never had anybody discuss a $3 trillion bill, so I am not really prepared to talk about a $3 trillion bill. I don't think there is a score on this bill. It is my understanding --

Mr. Buyer. Going to the itemized deduction, could you talk about that just a little bit further? Who would that impact?

Secretary Sebelius. It would impact basically the wealthiest Americans, who currently are paying a different level of tax rate on their itemized deduction than middle-income Americans. And it would, again, restore the rates --

Mr. Buyer. Okay. At that would be set -- at what adjusted gross income level would that be set?

Secretary Sebelius. Pardon me?

Mr. Buyer. At what adjusted gross income level would that be

set? In other words, you are either going to deny additional itemized deductions -- is that what you are discussing?

Secretary Sebelius. It just readjusts the rate. They continue to itemize deductions, the highest-income Americans --

Mr. Buyer. So if an American family making $80,000 --

Secretary Sebelius. No, sir. It is my understanding that it is over $200,000, the last time I saw the proposal, but that could have changed.

Mr. Buyer. At $200,000. But then what happened to the President's promise and assurance to the American people that he would not increase taxes on anyone making below $250,000? Aren't you going to set 250? Otherwise, he breaks his promise to the American people.

Secretary Sebelius. Sir, he has put forward this proposal, and he is eager for Congress to talk about it. He thinks this is a way to raise additional revenue for --

Mr. Buyer. So it is okay for him to promise one thing to the American people and do another, just like what George Bush did. "I won't increase taxes," and he did it anyway. So that is what your boss is proposing.

Did you say, to remind your boss, "Wait a minute, I am your Cabinet Secretary, I am responsible for this. Do you realize you are about to break your promise to the American people if you do this?"

Secretary Sebelius. I did not say that to the President.

Mr. Buyer. What did you say to the President? What did you advise the President?

Secretary Sebelius. I told him I was eager to help him pass health reform, and I was eager to help fulfill his commitment that it would be paid for within the period of time that the bill proposes, over a decade. I think that is a fair promise to the American people, that it won't increase the deficit. And I am eager to work with you, sir, to help get that done.

Mr. Buyer. Medicaid, when you were Governor and as a commissioner of Medicaid, States get a grade with regard to the administration of Medicaid by the States. What was your grade when you were the commissioner and Governor with regard to the administration of the Medicaid plan?

Secretary Sebelius. Grade by whom?

Mr. Buyer. Pardon?

Secretary Sebelius. Who is grading me? I don't know what you are talking about. But, I mean, I guess the people of Kansas thought I got a pretty good grade because I got re-elected as insurance commissioner and as Governor.

Mr. Buyer. Okay. Well, you got a D. Maybe you thought that was good and that was acceptable. I am only concerned that, if you think that a D is good and acceptable and you are glib about it here today, Madam Secretary --

The Chairman. Will the gentleman yield?

Secretary Sebelius. Sir, I don't know what you are talking

about.

The Chairman. Will the gentleman yield? Who graded --

Mr. Buyer. No, I am not going to yield.

The question I have here is, if we are going to say unto our States that we are going to -- the Federal Government will pick up additional cost on Medicaid, aren't we sending a signal unto the States that if the Federal Government is going to pick up additional costs, that they don't have to be as concerned and cost-conscious? Should I worry about that?

Secretary Sebelius. Well, I would say that the bulk of the Medicaid beneficiaries will still have a very significant State share. And I don't know any Governor in the country who is not concerned about the cost of Medicaid.

Mr. Buyer. One of the other things that does concern me, though, is with regard to doctors, you say that everyone will be guaranteed their choice of their doctor. Yet, when we are going to have some shifting that, in fact, will occur -- and that, in fact, is recognized. So an individual who likes going to their doctor, now all of a sudden, their plan may not be -- their doctor may say, "I am not going to participate in the government option." Then they lose their choice of doctor.

Would that be correct under this plan?

The Chairman. The gentleman's time has expired.

Secretary Sebelius. Only if the individual chooses the public option.

Mr. Buyer. Say again?

Secretary Sebelius. Only if the individual chooses the public option.

Mr. Buyer. Right. Then they lose their choice of doctor if the doctor does not participate.

Secretary Sebelius. Well, that is the individual's choice. Doctors would not be mandated to be in the program, that is correct.

The Chairman. And that is true of private insurance, as well.

Secretary Sebelius. That is true.

The Chairman. The gentleman's time has expired.

Mrs. Capps?

Mrs. Capps. Welcome, Madam Secretary. And thank you very much for being here today and for your testimony.

I just want to make one brief comment about a population, about a group of people being discussed earlier in the conversation, those who will be covered, the childless adults who would be covered under Medicaid in this legislation, with the cost amount. You are being asked about it. It is not as though these are folks that we are not paying for already and the kind of health care they receive currently, which is most often way expensive and inappropriate for their health needs -- no prevention and so forth. I think that needs to be part of the discussion.

But my questions to you have to do with the part of the country you come from, Kansas, as well as part of my district, which is rural America, and some of the barriers to care there.

But, first, I want to take advantage of your expertise as insurance commissioner for a State and have you share with us briefly about some of the types of reforms that are needed to improve our current insurance market, some of the common abuses that you have seen, and how you believe this bill will address -- and that will actually be a big cost savings, as well.

Secretary Sebelius. Well, thank you, Congresswoman.

I think there is no question, particularly in the individual market but also often in the small-business market, there are constantly cherry-picking activities by private insurers, which do one of two things and often both simultaneously: Costs can be dramatically increased year after year, driving people out of the marketplace. But also, in the individual marketplace, the pre-existing condition barriers often either make insurance impossible to obtain or totally unaffordable to obtain.

So it is a huge barrier to Americans accessing quality health care.

Mrs. Capps. And are there provisions specifically in this legislation that you believe will address this?

Secretary Sebelius. Absolutely. Not only the kind of -- you have a couple of provisions. You have a loss ratio provision, which would allow a different oversight to medical loss ratios,

helping to eliminate some of the overhead cost. There is a provision that would exclude insurers any longer from denying people coverage based on pre-existing conditions. And there is a much more community-rated aspect to the health exchange, which would, again, limit the kind of spikes in cost that small-business owners often see driving them out of the marketplace.

Mrs. Capps. Thank you.

Now, to a part of my district, I represent a county in California, San Luis Obispo, in which one company, WellPoint, has way more than 50 percent of the market. It is the only private insurer. And the county also has a shortage of primary physicians because of a locality or reimbursement issue that is far different from what the cost of living in the area really is. But this county also doesn't quite qualify for a health professional shortage area. So there are these traps that many of the folks feel like they are existing in.

Could you talk about your experience, maybe, that is similar, but also how this legislation could improve the choice of health plans for consumers in a county such as the one I have described; and how, also, we really need to be able to attract new physicians to certain areas like the one I mentioned and many others in rural America, as well as some underserved areas in metropolitan areas, as well?

Secretary Sebelius. There is no question, I think, that the public option in the marketplace achieves the very goals that you

just described, where consumers would have choice and there would also be cost competition -- two principles, I think, that the administration very much believes in.

In terms of the workforce issue, again, the initial investment in the stimulus act began the pathway to enhancing workforce, particularly in underserved areas, with a doubling of the Commissioned Corps. But I think this bill takes an even bigger step forward, recognizing that loan repayment is an effective strategy. It attracts people to underserved areas.

I would say the implementation of health IT will be a significant enhance factor for providers who often don't want to be isolated but, with health IT, can be in frequent consultation with specialists and with colleagues in various parts of the country, in various parts of the State, so they are not in isolated practices.

So there are a number of features that are not only in this discussion draft but in the bills that you have previously passed that I think really help to address the workforce issue.

Mrs. Capps. Thank you very much.

I yield back.

The Chairman. Thank you, Mrs. Capps.

We now go to Mr. Burgess.

Mr. Burgess. Thanks, Mr. Chairman.

Madam Secretary, I am over here in the broom closest, behind the kids' table, which is where they keep me on this committee.

And welcome to our committee this morning.

During your confirmation hearing before the Senate, I believe the statement was made that you said, "If confirmed, I will not only be an eager partner to work with Congress, but that I understand bipartisanship." Is that a reasonable facsimile of the testimony that day?

Secretary Sebelius. Yes, sir.

Mr. Burgess. Now, I know that the Senate HELP Committee, the ranking member has sent a letter, June 16th, in a follow-up to a request submitted June 10th sent by the ranking member of the Senate HELP Committee, where they note that despite providing technical assistance to the majority regarding the Affordable Health Choices Act, that same courtesy had not been made available to the minority of the committee.

When can we tell the Senate to expect that you are going to help them, the Republicans on the Senate HELP Committee, with the same technical assistance that you have provided to the majority on the Senate side?

Secretary Sebelius. Sir, it is my understanding that our staff and Nancy-Ann DeParle, who is the White House head of the Health Reform Office, have been in the House and in the Senate on a daily basis, providing information and expertise, modeling, a whole variety of situations.

I am not sure specifically what was requested that has not been provided, but I know that they have been available,

accessible, and very present day-in and day-out.

Mr. Burgess. Well, Mr. Chairman, I would ask unanimous consent to make the Senate letter part of the record.

[The information follows:]

******** COMMITTEE INSERT ********

Mr. Burgess. And then, just a follow-up: For our committee here, on the House side, will that same technical expertise be made available to the minority in the House?

Secretary Sebelius. Sir, as much as we can provide background information and assistance, we stand ready to do that.

Mr. Burgess. And we stand ready to access that.

Let me ask you a question. In your prepared testimony this morning, there is a discussion about the President has introduced proposals that will provide nearly $950 billion over 10 years to finance reform. That is following the statement, the President is open to good ideas on how we finance -- will not add to the deficit.

Now, in a world in which 96 percent of people have health coverage, am I correct in presuming that the money that is afforded for disproportionate-share hospitals and upper payment limits, that those fund will no longer be necessary for our safety net hospitals? And is that where a portion of this $950 billion is coming from?

Secretary Sebelius. There is a proposal as part of the package that at least a reduction in the DSH payments be anticipated as health reform is fully implemented.

I don't think anybody anticipates a world in which there would be no additional help and assistance to those hospitals that are providing the bulk of care to people who are uninsured, but

hopefully the uninsured will go down.

There are additional, I think, features about that -- cultural competency -- a range of additional services that have to be provided.

Mr. Burgess. And just to point out, in my home State of Texas, a significant number of the uninsured are in the country without benefit of a Social Security number. And until we resolve that issue, the need for safety net hospitals is going to continue, because I suspect that there will be some people who are left out of the 96 percent who actually have health coverage.

Now -- and I was glad to hear you re-emphasize this morning that the President wanted to protect what works and fix what is broken. I am glad you went to Omaha. I went to Omaha earlier this year. In fact, Alegent came here last year and did an event with us. They are one of the forward-looking institutions in this country, and there are many others.

But testimony at this committee yesterday really -- without the ability to have the health savings account and the health reimbursement account to be able to provide the correct incentives for their patients to access the preventive care that we all want people to feel is important, without those tools it would be very difficult for them to operate the kind of facility that they have today.

Secretary Sebelius. I am sorry. Without the health savings --

Mr. Burgess. Without the health savings accounts and the money made available through health reimbursement accounts.

And I guess what I am getting at is, could we get this morning a definitive answer? From my read of this bill that is before us, it appears that health savings accounts are not going to count as qualified coverage. Is that correct, from your reading of the bill?

Secretary Sebelius. Sir, I can't -- I will go back and make absolutely sure. I don't -- I know that there is no intent to eliminate health savings accounts. How they are actually defined I need to recheck. But health savings accounts would still be available to Americans as they are today.

Mr. Burgess. I am not certain that that is correct under the language of the bill. And I think the President could do a good service by instructing us to help people avoid a penalty for not having credible coverage or qualified coverage if they choose to get their insurance through a health savings account and, again, that have the --

Secretary Sebelius. You are saying a health savings account absent another insurance policy.

Mr. Burgess. That is correct.

The Chairman. Will the gentleman yield to me? Your time has expired, but I did want to clarify --

Mr. Burgess. No, my time is just starting. It hasn't gone green yet.

The Chairman. Well, I don't want to dispute with on you that, but --

Mr. Burgess. I will be happy to yield to the chairman.

The Chairman. -- I want to clarify that I do believe that health savings accounts are not adversely affected in the draft bill. That would be a ways and tax issue. But I don't think that is the intention. And we will get a clarification because you raise an important question.

Mr. Burgess. Just briefly reclaiming my time, if you look at the rate of increase of all of the different products out there -- high option PPO, Medicare, Medicaid -- all increase at a rate of 7.5 percent a year. We heard testimony from the chief medical officer at Alegent yesterday that their rate of increase was about 5 percent a year.

So it seems to me that, if we want to figure out what works, we would look at those types of programs, give people an incentive to select healthy behaviors, make it important to them, and I think we will find that people, by and large, will do the right thing. It is not for everyone --

The Chairman. Mr. Burgess, thank you very much. Other members are waiting, and the Secretary is going to have to leave, so I do --

Mr. Burgess. I yield back.

The Chairman. -- want to get to some of the others.

Ms. Matsui?

Ms. Matsui. Thank you, Mr. Chairman.

And welcome, Madam Secretary. We are so happy to see you here.

Secretary Sebelius. Thank you.

Ms. Matsui. I was pleased to see that components of legislation that I authored in the Public Health Workforce Investment Act were incorporated into the draft bill before us today. The creation of a public health workforce corps is a major step forward and will revolutionize public health forever.

It is also, as you know, a necessary step because we are staring a public health workforce crisis directly in the face. In order to satisfy our future public health needs, we will need to train three times as many public health workers as we are today. Otherwise, the rates of obesity, diabetes, and other chronic diseases will likely rise. And we need to reinvest in this crucial part of our public health infrastructure so that we can take community-based action to prevent a long-term public health crisis.

Secretary Sebelius, you are head of what I figure is the largest public health agency in the world. You probably know as well as anyone that the public health workforce is rapidly aging. By 2012, half of the public health workforce, in some States, will be ready to retire.

In my opinion, our public health system did a good job in managing the recent H1N1 flu outbreak, but this incident has shown

us how critical it is to not let our public health workforce deteriorate any further. And I am pleased that my piece of it was incorporated into the draft bill.

Madam Secretary, I want my colleagues to understand how critical the public health workforce is. Will you please outline for the benefit of this committee how your job is dependent on having a robust public health workforce backing you up?

Secretary Sebelius. Well, Congresswoman, first of all, thank you for your leadership in this area and your longstanding expertise and insistence that the public health infrastructure has to be part of this dialogue and discussion.

And I think you appropriately identified the recent situation, still with us, of the H1N1 virus and the anticipation that we will need additional activity points to the need for a robust infrastructure. And, as you correctly point out, in many parts of the country, it is not robust enough now, and we are facing a looming retirement of lots of individuals.

So having not only the pipeline -- you know, the Commissioned Corps has doubled -- there are efforts to enhance, again, through the Recovery Act, the community health center aspect of the public health backbone in this country. And I think that is an important step forward.

No question that we need not only further attention to workforce issues, but also further attention to quality standards in public health agencies throughout the country. And I can

assure you that our new leadership of Dr. Tom Frieden at the Centers for Disease Control is a huge believer that the people health infrastructure needs to be enhanced and needs to be improved and needs to be focused on. And he is coming to this job as a new CDC leader with that agenda at the forefront of his priorities, and it is one that I share.

Ms. Matsui. Well, why are we facing such a crisis in the public health workforce today? I know part of it is that we need more graduates from public health programs. But I think the other part of it is that we may not have the right incentives for the graduates we do have to enter public service.

Secretary Sebelius. Well, I think the whole incentive system in health care is one that is on the table for review as we look at the reform agenda, how we not only attract more students to medicine in the first place, but how we attract more of those students to the appropriate shortages.

Ms. Matsui. But do you think that the scholarship and loan repayment provisions in the draft bill will help incent public health graduates to the public workforce?

Secretary Sebelius. I don't think there is any question that those strategies have been proven to be enormously effective.

Students, unfortunately, today are emerging with mountains of debt, and often public health officials aren't paid as handsomely as some in the private sector. So helping to retire that debt, helping to erase that debt, is an enormous step to allowing

students to actually make choices that they might find more rewarding but currently find financially out of reach.

Ms. Matsui. Okay. I thank you very much.

I yield back the balance of my time.

Mr. Pallone. [Presiding.] Thank you.

The gentleman from Georgia, Mr. Gingrey.

Mr. Gingrey. Madam Secretary, thank you for being with us this morning. You were asked a little bit earlier about your grade as Governor. I would say that your grade so far this morning has been pretty good. So hopefully you won't mind a couple of tough questions from me.

Quoting in your testimony, "Without reform, according to the Medicare actuaries, we will spend about $4.4 trillion on health care in 2018. And, by 2040, health care costs will reach 34 percent of GDP."

Madam Secretary, these numbers are, indeed, staggering, and I share your concerns. However, I have another concern; I need to be reassured that you share that.

The Medicare trustees report that the Medicare program will become insolvent by 2016. Roughly 45 percent of Americans currently receive their health care from a government payer, and yet your testimony focuses almost exclusively on the private sector, private-sector health insurance companies, and ways in which they should be reformed.

Since his inauguration, President Obama has spoken of the

need for entitlement reform. Certainly, President Bush did the same. So, given that 45 percent of all Americans get their health care from a government program and the fact that your Department oversees the largest government program tasked with insurance that quality health care for our seniors is available both today and in the future, shouldn't entitlement reform be an integral part of this legislation?

Secretary Sebelius. Yes, sir, I think it definitely should. And that is why I am confident that not only a number the proposals to enhance quality for seniors are important -- and we have talked a bit about closing the donut hole, which is a huge issue -- but also the savings that are proposed by the President will enhance the lifetime of the Medicare program that you have just cited and also lower premium rates, Part B premium rates, for the seniors who are paying them.

So it is a win-win-win situation. It helps to pay for a longer life, frankly, of the program that is so important to millions of American seniors --

Mr. Gingrey. Well, Madam Secretary, reclaiming my time since it is so limited, I would have to tell you that I think that is nibbling around the edges when the latest Medicare trustee report says that, by 2083, we will have $37.8 trillion worth of unfunded liability in the Medicare program.

You state that, since 2000, the year 2000, private health insurances premiums have almost doubled, growing three times

faster than wages. Madam Secretary, do you know what percentage Medicare Part B premiums have increased since 2000? You just referenced that just a second ago.

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[11:38 a.m.]

Mr. Gingrey. Let me just tell you if you don't have it on the tip of your tongue, they have more than doubled since 2000; 11.7 percent. That is how much Medicare Part B premiums have gone up since 2000. So I would suggest to you that the parity between Medicare Part B premium increases and insurance, private insurance premium increases suggest that high health care costs are rampant, and they are integrated. So it is not just private, but it is public as well. So we need both private insurance reform and Medicare reform. Simply to turn the system over to the government I think will not solve this problem and, without addressing Medicare reform, will leave many seniors without quality health care coverage.

Let me just real quickly, if I might, Mr. Chairman.

Secretary, you quote in your testimony that, reform will guarantee choice of doctors and health plans. No American should be forced to give up the doctor they trust or the plan they like. If you like your current health care, indeed you can keep it.

Do I take it from your testimony that you mean all Americans will be able to keep the health plan that they like, including the 11 million seniors who get their Medicare from Medicare Advantage?

Secretary Sebelius. Well, sir, I certainly hope so.

The proposal to stop overpaying for Medicare Advantage is one that is included in the President's cost savings. After years of examination, there are no enhanced benefits, and they are being paid at about a 14 percent higher rate than other programs. As you know, the Center for Medicare Services has proposed that there be fewer plans this year because of the proliferation of plans and the fact that consumers often didn't choose them. We have got a bunch of plans that have fewer than a hundred people choosing them, and that is not a very cost-effective way to run a system. So there will be a consolidation. But, ideally, the doctors and the networks will remain available.

Mr. Pallone. The gentleman's time has expired.

Mr. Gingrey. Mr. Chairman, I thank you for your patience.

Madam Secretary, I thank you for your response.

Mr. Pallone. Thank you.

Next we have the gentleman from Ohio, Mr. Space.

Mr. Space. Thank you, Mr. Chairman.

Thank you, Madam Secretary, for joining us today. And as a native Ohioan, I want to welcome you as well.

There are so many different areas worthy of discussion that it is difficult for me to define one to ask you about. But given the rural nature of my district and Ohio generally, and given the special challenges that those in rural America face when accessing health care and the barriers that we have got, and given that one of those challenges happens to be attracting and retaining

sufficient workforce, specifically primary care doctors, specialists, some adolescent specialists, in particular, what in your assessment does the President's initiatives and what does this bill do with respect to attracting and retaining quality workforce in rural areas where that has historically been a problem?

Secretary Sebelius. Well, Congressman, I share your concerns about rural access. It certainly is something I worked on as Governor of a State like Kansas, where two-thirds of our population is in very rural areas.

I think there is no question that the incentives for enhanced workforce is a step in the right direction. I think that telemedicine, which is on the horizon and certainly an important component of health IT, is a huge step forward. A lot of providers in Kansas, and I am sure in Ohio, are concerned about their isolation and want to make sure they are able to access colleagues and access consultation. And I think the steps that are included in this legislation that pay for student loans and encourage additional incentives for primary care and family care doctors also enhance the workforce in rural as well as urban areas.

Mr. Space. And I just have a couple more minutes, and I want to just make a comment as a followup. You mentioned telemedicine, and I guess I want to take this opportunity to explain to you as a member of the administration just how important it is to access

broadband and high-speed Internet in those areas that can benefit from telemedicine; that bridging that digital divide is so very important in so many areas, including accessing quality health care.

One other area I wanted to bring up has to do with some of the geographic disparities pertaining to chronic disease. And coming from Appalachia, one of the things we see, for example, is a higher rate than average or normal in diabetes incidents. How do we make wellness and prevention programs address these specific regional disparities when it comes to chronic diseases like diabetes?

Secretary Sebelius. Well, there is a new grant that we just made available which actually focuses specifically on areas with the highest rates of diabetes and chronic disease in terms of providing incentives and providing additional resources, to not only coordinate care but do much more effective monitoring of conditions. I think that there is no question that preventive care at a much earlier stage helps. But also what helps to prevent hospitalizations, amputations, a variety of things, is to make sure that those suffering from diabetes actually are staying on an appropriate regime, and that monitoring is what the grant is designed to do. I think we are trying to follow some best practices which have proven to be very effective. And my guess is that your area is likely to be, unfortunately, rising high on the list of an area that is likely to be one of the -- I think there

are 133 communities that will have additional resources to focus just on this effort.

Mr. Space. Thank you, Madam Secretary.

And I yield back my time.

Mr. Pallone. Thank you.

Mr. Walden.

Mr. Walden. Thank you, Mr. Chairman.

Madam Secretary, thanks for being here today and the work that you are doing. I have some questions.

I, like many of my colleagues, am just starting to look through the discussion draft that is out. And I know that you have undoubtedly played a roll in working with some members of the committee on this. So if you can help me on some of these things.

Is it true that, under the bill, an employer could be subject to an 8 percent tax even if they offer a worker an employer-sponsored health care policy?

Secretary Sebelius. Yes, I think that is accurate; that there are some ways, if it isn't determined to be credible coverage, that you could have the pay-or-play provision.

Mr. Walden. And I think, if I am reading it correctly, isn't it also true that if the employee decided to go through their own plan, the employer could still end up having to pay, if they went through the exchange, I guess it is? Tell me how that process works. Because an employee could refuse the plan from the employer. Correct?

Secretary Sebelius. I must confess, Congressman.

Mr. Walden. The people behind you are shaking their head yes.

Secretary Sebelius. I am not familiar with that specific provision. I would be glad to get back. If you want to give me the questions, I will immediately respond. I am just not --

Mr. Walden. Well, my understanding is that an employer could offer an employee -- employer sponsored health coverage, and then the worker could turn it down and enroll in an exchange plan. The employer would still be liable for the 8 percent tax even though providing the employer-sponsored care could be cheaper, is what I understand. So if you could take a look at that.

Secretary Sebelius. I will definitely take a look at that.

Mr. Walden. And is it true that, in order for the employer to avoid paying the 8 percent tax, the employer has to offer a plan that the new commissioner deems to be a qualified health benefit plan?

Secretary Sebelius. That is correct.

Mr. Walden. Can an employer require an employee to accept the employer-provided health care coverage?

Secretary Sebelius. Can you require an employee to accept it? I don't know again how the provisions are drafted. I am not aware of any mandatory -- in a private insurance market, how you mandate that anyone accept a plan. But I haven't read the outline of the bill. Sorry.

Mr. Walden. Do you know if, in these provisions, are States and Federal Government considered employees under this draft?

Secretary Sebelius. States and Federal Government?

Mr. Walden. Considered employers.

Mr. Pallone. Mr. Walden, can I just -- I am not trying to stop you, but I mean, the draft -- the discussion draft is put together by the Members, and I don't know that she can necessarily be the person to comment on what is in it. But if you want to continue.

Mr. Walden. Well, we are on my time here.

Mr. Pallone. I am going to give you some extra time. But I just want you to understand that we didn't ask her here to comment on the provisions of the draft, per se.

Mr. Walden. Oh, I thought earlier she was indicating that the administration supports this draft or concepts of this draft. Is that not true?

Secretary Sebelius. Sir, I said that we support the principles that prompted the draft. I am sorry, I am not -- the draft came out on Friday, and I didn't write the draft, and I am not intimately familiar. But I would be happy to answer questions if you have questions for me. I would be --

Mr. Pallone. I mean, I don't want to stop you.

Mr. Walden. Reclaiming my time, if I could. So you haven't read this draft either then?

Secretary Sebelius. I have read it. I can't -- I don't have

it memorized.

Mr. Walden. No, I appreciate that. You are ahead of me. I haven't read it fully. But I also know the way this committee has been operating of late, it moves rather rapidly. So I doubt we will have a chance to ask you these questions before we suddenly have to vote on this. So that is why -- I don't mean to be disrespectful. I know that others on the committee have asked you a pretty specific set of yes-or-no questions.

Secretary Sebelius. Again, I am just trying to be honest with you. If I don't know the answer, I will be happy to get it for you.

Mr. Walden. Let me go to another point then, and that was a comment you made about Medicare and Part D. And this I don't think is necessarily in the draft. Do you know what the Medicare Part B premium was in 2000? I am not going to play a gotcha game here, but it was about $45.50. In 2008, it was $96.40. Medicare Part D for 2009 was $29, which was 30 percent lower than the original projected when we passed Medicare Part D in 2003.

I understand you issued a report yesterday showing that employer-sponsored premiums for health care doubled between I think it is 2000 and 2008 for health insurance. Medicare Part B premiums have more than doubled, 110 percent increase, in the same time span.

I think what a lot of people are asking me about, when I was home in Rufus and Arlington and Fossil out in my district, they

are saying, if Medicare is going broke by 2017 and we are just going to expand and add all of these people into a government-run system, but we can't get access to providers now in the government-run system, which as you know is a big issue in rural areas, getting access to a doctor if you are on Medicare. They are saying, how is this new government-run plan going to hold down costs? And how is it going to expand? How are we going to pay for this, is the underlying issue here. And the estimates, they are just saying, you know, you talked about health insurance could cost us, or health coverage, $4 trillion or something. This plan alone I think some estimates are that. So people at home are really struggling with the dollar amounts here.

Secretary Sebelius. Well, Congressman, the plan, again, at least the payments the administration has put forward, not only saves dollars in Medicare but helps to expand the life expectancy of the Medicare trust fund, an important feature, and lower overall costs in the Part B premium for the beneficiaries who are currently paying, as you say, a higher cost.

I am a believer that Medicare has to get at the front of the lower-cost, higher-quality care for the beneficiaries of the system, and that we can be not only innovative but help to drive the best practices which exist now in various parts of the country to scale. So that is really one of the intents of the new program moving forward.

Mr. Walden. All right.

I appreciate that, and I will close with this, that I spent 5 years on a small community hospital board, and it seemed that Medicare gave us the most headaches, not the least reimbursement but second to least reimbursement, and there was enormous cost shift going on when the Federal Government was involved. And now you have got this access issue, trying to get physicians that will even take Medicare patients.

I don't want us to just create a government-run system that mirrors one that isn't sustainable right now. And you know as well as I do that some of the goofy rules in Medicare that drives seniors to the hospital to get an injection when they should be able to get it at home. Telemedicine is a great thing. But if you are a provider and you are on the other end of the telemedicine, you don't get reimbursed for that consultation under Medicare. So there is a disincentive to doctors to participate.

There are some things, irrespective of this debate, we could do to really improve Medicare, I think.

Mr. Chairman, thanks for your generosity on the time.

Mr. Pallone. Sure.

Now, let me just remind members -- we mentioned this earlier, but I want you to know that the Secretary has to leave at 12:00. Now, of course, we are going to have written questions from many members, including those who have already spoken and those who have not, to follow up, and she will get back to us.

Mr. Deal. Mr. Chairman.

Mr. Pallone. Yes.

Mr. Deal. Could we ask the Secretary if she could have the answers back by July 6? I think that would give about a week.

Mr. Pallone. Normally we submit the questions within 10 days. So that would -- I am trying to figure this out here. If you all agree to send her the questions within 10 days, then I think she has to have at least -- I don't know. July 6 is kind of early, isn't it?

Mrs. Blackburn. Mr. Chairman. Just as a form of suggestion to this, maybe with the remaining time, those of us that do have specific questions, if we can just address our question to her and then not get a response but get the response in writing.

Mr. Pallone. This is what I am going to do. She has about 5 minutes left or 10 minutes left. I have Mr. Engel is next, and then I have you, the gentlewoman from Tennessee. I think that is all we are going to be able to do. I am not going to put a timetable on when you get back to us with the written responses at this time.

Mr. Scalise. Mr. Chairman. I would like to be on that list, too, for questions.

Mr. Pallone. All right. Let me explain again. Anyone can submit written questions. Normally the committee asks --

Mr. Terry. I think, on something this important, I am just really offended that we don't have the opportunity to ask questions to her.

Mr. Pallone. I don't know what to tell you. I just don't want to waste the time that we have remaining.

Mr. Terry. Other directors and Secretaries came in when we were the majority, and you raised holy hell if they didn't stay here for every question.

Mr. Pallone. Well, there is not much I can do about that now.

I am going to ask Mr. Engel -- you are next. Go ahead.

Mr. Engel. Thank you.

Thank you very much, Mr. Chairman.

Madam Secretary, first of all, welcome. I heard your opening statement, and I was delighted when President Obama selected you, and I think you are doing and will continue to do a great job. So welcome.

I want to call two things to your attention, which are two health priorities of mine.

Firstly, I was pleased to see that my legislation, the Early Treatment for HIV Act, which I introduced with Speaker Pelosi, was included in the House Tri-Health draft. We call the bill ETHA. And ETHA, in conjunction with the House's proposal to cover all low-income people under the Medicaid program up to 133 percent of the Federal poverty level, is a significant step towards reducing the number of uninsured people with HIV in our country.

As you know, ETHA, this bill, addresses a cruel irony in the current Medicaid system. Under current Medicaid rules, people

must become disabled by AIDS before they can receive access to Medicaid. This is care that could have prevented them from becoming so ill in the first place. In other words, Medicaid won't help you unless you have full blown AIDS. And as you know, if someone tests positive for HIV, it could be a number of years before they have full blown AIDS, so it makes much more sense to help those people once they test positive, to try to stave off the full blown AIDS. And it is an irony that you couldn't do it.

So what ETHA does, it gives States the option to provide people living with HIV access to Medicaid before they become disabled by AIDS. President Obama repeatedly in his quest for President said that he supports it; when he was in the Senate, he cosponsored the bill. And I just want to ask you if I can continue to count on the administration to continue to support ETHA? And will you work with the States to take up this option if it is included in the final reform package?

Secretary Sebelius. Yes.

Mr. Engel. Thank you. That is the answer I was looking for.

And secondly, the second priority is home infusion. And we know that some delivery system changes need to be part of our health reform package. And this legislation, the second piece, addresses an anomaly in the Medicare program that forces patients into hospitals and nursing homes to receive their multi-week infusion therapy when the same care could be delivered safely in the patient's home where the patient prefers to be without

standing, results in lower costs and virtually no risk of health care acquired infections.

So I believe that it makes no sense that Medicare pay pays for all costs associated with infusion therapy when it is provided in far more costly hospital and nursing home settings but will not pay for the cost of home infusion.

For decades, private health insurance has covered home infusion therapy. It is used extensively by Medicare Advantage plans. Medicaid programs cover it, but Medicare fee-for-service stands alone in the failure to cover the services, equipment, and supplies needed for home infusion therapy.

So my bill, which is the Medicare Home Infusion Therapy Coverage Act, I have introduced with 92 Members of Congress, I have introduced it with my Republican colleague Tim Murphy, and 20 members of the Energy and Commerce Committee are sponsors. So I am going to ask you the same question: Can I have your commitment that your staff will work with me and Chairman Waxman's staff on meaningful legislation to close the Medicare home infusion benefit gap?

Secretary Sebelius. We will certainly look forward to working with you and seeing what can be done about this area.

Mr. Engel. I thank you, and returning back my time 1 minute and 17 seconds, I want it duly noted, Mr. Chairman, to give someone else a chance.

Mr. Pallone. It is duly noted.

The gentlewoman from Tennessee, Mrs. Blackburn.

Mrs. Blackburn. Thank you so much, Mr. Chairman.

And Madam Secretary, thank you very much for taking your time to be here. I understand you have to go to the White House for a taping. And I would hope that --

Secretary Sebelius. With the Attorney General, but --

Mrs. Blackburn. I am sorry then, I was misinformed.

But I would certainly hope that you will be able to return and answer the questions that those on the committee have about the health care plan. Could you give us a commitment to answer these before the markup?

Mr. Pallone. Let me -- Mrs. Blackburn, I am not going to take away from your time; I will give you an extra minute or so. I know that members are interested in getting timely responses, but we are not -- we don't have the opportunity at this point to say that the Secretary is going to come back. So what I am going to ask is that members submit their questions as quickly as possible, and I would ask the Secretary to respond to those questions as quickly as possible.

Mr. Terry. Will the gentleman yield?

Mr. Pallone. No. I want to get through this.

Mr. Terry. So are you telling the witness not to answer the questions? Parliamentary inquiry, are you telling the witness not to answer that question?

Mr. Pallone. No. I thought I said the opposite.

Mr. Terry. No, you didn't. You told her not to answer is the way I interpret it.

Mr. Pallone. Let me start over again. Mrs. Blackburn has the time. We are going to start again.

Mrs. Blackburn. I would like to reclaim my time, Mr. Chairman, as soon as you finish your speech.

Mr. Pallone. What I am saying is we are not asking the Secretary to come back at this time. We are asking --

Mr. Shadegg. Mr. Chairman, point of order.

Mr. Pallone. Yes.

Mr. Shadegg. The Secretary is here to speak on the single most important piece of legislation, most far-reaching piece of legislation in my 15 years in the United States Congress. There are at least four members here, at least four, maybe five or more, who have not had an opportunity to question her.

Mr. Terry. And have been here since the beginning.

Mr. Shadegg. And would like to be able to do so. We fully understand her schedule. She has important things to do. That is perfectly all right.

But I think it would be reasonable for this committee, given the scope of the legislation that it is moving, to ask the Secretary to come back sometime before this bill moves through full committee.

Mr. Pallone. What I am saying to you, and I will repeat again, is the following: The Secretary is here to give the

administration's response to the discussion draft. I am not asking her to commit at this time to come back because, first of all, I don't know her schedule and I don't know whether that is possible.

Mrs. Blackburn can ask, but I don't want her to feel that she has to commit to this at this time because I don't know her schedule.

Mr. Walden. Point of order, Mr. Chairman.

Mr. Pallone. I will now ask Mrs. Blackburn to continue.

Mr. Shadegg. I think we are on my point of order.

Mr. Pallone. And when she is done, we are going to have to ask the Secretary to leave because she has to leave.

So I will go back to Mrs. Blackburn. We will start the clock again. It is the gentlewoman's time.

Mrs. Blackburn. And thank you, Mr. Chairman.

And Madam Secretary, I hope that we will be able to resolve this.

You know, when my constituents talk to me about this issue, they are fearful of what may be included in this plan. And coming from Tennessee, and you having been a Governor, I think you can understand that.

And when they hear remarks about it being deficit-neutral, not increasing the debt; you have made statements that it would be paid for; you have talked about reducing the itemized deductions, my constituents are very, very concerned about how this would be

paid for.

The other members of this committee have constituents who are equally concerned about this. Of course, our concern in Tennessee finds its nexus in the problems that existed with TennCare. I know Governors have many times gone to school on what happened with TennCare and used that as an example of what they did not want to do.

I would like to have a response from you. You can submit it to me in writing. You can begin the response here, because I do have more questions, on what you would see as the lessons learned and what you would not want to do that was from the TennCare template. What were the lessons that you learned in looking to that? Do you realize that you can't provide gold-plated, all health care for free for everybody? Do you realize that a public option which is government-run, government-financed, does not work in competition with the private option? That is one question I have to present to you.

The second one is Medicare Advantage. And I know you have a heart for dealing with health care for seniors, and I appreciate that. My constituents -- I have 56,000 seniors in Tennessee that are on Medicare Advantage. They very much want to keep those options, and I would like to hear from you what you envision a Medicare Advantage program looking like once the Obama plan goes into place, how you see that being delivered, what you think the options are going to be.

It is of concern that those options are going to be restricted. And, again, when individuals -- when members of this committee sit here, when we hear from our constituents the panic that they feel, especially from seniors who say, look, I have got -- I am seeing this being taken away.

Mr. Pallone. If the gentlewoman would hold for a second.

Mrs. Blackburn. My mike is not being touched.

Mr. Pallone. Now it is okay.

Mrs. Blackburn. But seniors are very fearful that they have paid into a system; this was a part of their retirement security, a part of their savings, if you will, because it was money that the government took first right of refusal on their paycheck, took that money out. Now you have got somebody in their 70s; they have got their doctors set. They have got their Medicare Advantage set. They have their system in place, and they are seeing this savings devalued and finding out now it is all going to be a one-size-fits-all program. And this causes tremendous concern from them. So, your response as to what Medicare Advantage would look like would be appreciated.

Secretary Sebelius. Congresswoman, I would be happy to answer both of those questions. I can't do it now in person; as you said earlier, you wanted to address the question and have me respond, and I will do that promptly.

Mrs. Blackburn. Thank you. I appreciate that.

And at this time I will yield the balance of my time, if I

can, Mr. Chairman.

Mr. Pallone. I couldn't hear you. Who is she yielding to? Mr. Pitts.

Mr. Pitts. Thank you, Madam Secretary.

Section 222 of the bill states that there is an amount that is going to be appropriated to the Secretary for the purposes of starting up the government plan. And that number is, quote, to be supplied in the text of the bill.

Do you have any idea how much it will cost you to start up this government-run plan?

Secretary Sebelius. No, sir, I do not.

Mr. Pitts. You mentioned the President's repeated promise that the health reform bill will be deficit neutral. Are there any other deal breakers for the administration? Does the legislation have to include a government plan? Does it have to include an individual mandate? Does it have to include an employer mandate? Can it increase taxes on families making under $250,000 per year, for example?

Secretary Sebelius. Sir, I think that the President's principles are that the plan needs to lower costs for everyone, needs to improve quality of care, needs to provide coverage for all Americans. And around those principles, that he -- and be paid for within the period of time. Those are the fundamental principles that he has articulated. And he has, during the course of the discussion, had various proposals on some of those areas.

I need to mention that I misspoke earlier to the Congressman; proposal that he had for the itemized deduction return is for families making 250 or more -- $250,000 or more. I was corrected, and I will be happy to provide that additional information.

Mr. Pallone. The gentleman's time -- or the gentlewoman's time has expired.

Now, again, I am just going to repeat. I know you have to leave. Members will get back to you as quickly as possible with written questions, and we would ask, Madam Secretary, that you try to respond to those as quickly as possible.

Secretary Sebelius. Very quickly.

Mr. Pallone. And thank you so much for being here today. We appreciate your time. Thank you.

Now, let me explain. We are going to adjourn the full committee, and then the subcommittee reconvenes, the Health Subcommittee reconvenes at 1:00, and we have three panels for the rest of the day.

Mr. Walden. Point of order.

Mr. Deal. Point of order.

Mr. Pallone. Mr. Deal.

Mr. Deal. Mr. Chairman, with all due respect to the Secretary, this was billed as a legislative hearing on a draft.

Mr. Pallone. Yes.

Mr. Deal. We have heard the Secretary say that she did not participate in that draft preparation, nor has she apparently, as

she said, had the opportunity to read it, which is one of the limitations that we all labor under in this time frame.

I would simply urge you to urge our full chairman of the full committee that it would be almost mandated, I think, that she return to answer questions when we move to a legislative proposal. We are talking about a draft. But here, when it moves to a legislative proposal, that we be allowed the opportunity to ask and to have answered questions.

You made the statement that she was speaking on behalf of the Obama administration as it relates to the draft. I know that she has done so in general terms, but I think there are some specifics that we should have the opportunity to ask specifics about. I would urge you to urge our chairman to ask her to return to this committee. I think it is due diligence for all of us to have the opportunity to explore these questions in person with her.

Mr. Pallone. Well, let me just say I can't make that commitment, Mr. Deal, and for various reasons. I think a part of it is the fact that we have a draft, and obviously, there are going to be changes to that based on your input, the input from both sides of the aisle.

And we really asked her here today to comment on what the administration thought about the draft. There has never -- the bill is never going to be exactly what the President wants or doesn't want. But I just can't make that commitment. So I appreciate your asking, but I can't.

Mr. Shadegg. Mr. Chairman, you are saying you can't commit to ask?

Mr. Pallone. I can't commit the administration --

Mr. Shadegg. No. His request is that you ask the full chairman.

Mr. Pallone. Look, she has been here. She has testified. You can ask her questions. I am going to leave it at that. And we are going to adjourn and start the subcommittee hearing at 1:00.

Mr. Shadegg. There are 12 Republicans who have not even had a chance to speak and ask her questions.

Mr. Pallone. Members were told that she was going to leave at 12:00.

Mr. Shadegg. We understand that. We are simply asking that she come back on a piece of major legislation.

Mr. Pallone. I can't make that commitment at this time.

Mr. Shadegg. So you are refusing to allow us to ask questions?

Mr. Pallone. I can't make that commitment, and we are going to adjourn at this time.

Mr. Shadegg. Can you at least commit to ask the chairman?

Mr. Terry. Parliamentary inquiry. I request a recorded vote.

Mr. Pallone. Look, I am going to certainly express your views, but I can't commit the Secretary to anything at this time.

I am going to express the views.

Mr. Terry. I request a recorded vote on a motion to adjourn. We can ask for a recorded vote.

Mr. Pallone. You can make that request. All those in favor on the motion to adjourn. Let me just ask.

Mr. Walden. We already have a motion before us, which is a motion to adjourn. The chairman has entered that motion.

Mr. Pallone. I think what we will do at this time, we had a vote, and it was defeated, to adjourn. So at this time, we are just going to recess.

Mr. Terry. We asked for a recorded vote.

[Recess at 12:13 p.m.]

The Chairman. Before we go to the hearing in the Health Subcommittee, I would like to reconvene the full committee, which had an opportunity to hear from Secretary of HHS Sebelius. And not all Members were able to ask her questions or explore all the concerns that they had. So I would like to suggest that we will ask her to respond in writing to any questions that any Member wishes to submit. We will request that she respond in a timely manner so that Members can receive her responses before we go to markup in our committee. We will urge her to do that. We can't force her to do that, but we will urge it.

And I understand some Members may wish to meet with her, and of course I don't know her schedule, but I think it is always helpful to have people available to meet with Members.

So without objection, what we will do is hold the record open for responses from the Secretary to written questions from the members of our committee. And we would urge the Secretary to respond for the record before we get to the markup in this committee. Without objection, that will be the order.

[The information follows:]

******** COMMITTEE INSERT ********

The Chairman. So that the subcommittee can now meet and further have a hearing on the issue, I would like to ask that the full committee now be adjourned. And without objection, that will be the order.

[Whereupon, at 1:10 p.m., the committee was adjourned.]