

Chairman Dingell at Subcommittee on Health hearing on "Treatments for an Ailing Economy: Protecting Health Care Coverage and Investing in Biomedical Research"

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November 13, 2008

I am pleased that we are having a second hearing on the role of health care as an economic stimulus. With the continued deterioration of the economy, it is clear that quick, decisive action is needed.

Earlier this fall, after the collapse of the housing market and failures of key economic institutions, Congress acted to pass the Emergency Economic Stabilization Package of 2008, which was signed into law on October 3, 2008. The continued loss of jobs and revenues for States, however, underlines the need for a second stimulus package. That package needs to be targeted to include funding for infrastructure, unemployment insurance, and health care in the form of increased Federal funding for Medicaid to the States.

The ranks of the unemployed have risen by 2.2 million workers over the last 12 months. Most States are experiencing considerable budget deficits along with declining or flat revenues. A single percentage-point increase in unemployment could increase the number of uninsured by 1.1 million, adding to the already staggering number of uninsured in this country and an added burden on the States through their Medicaid programs.

Healthcare spending, in the form of increased funding for Medicaid to the States, must be a critical component of any stimulus package. First, as workers lose their jobs, so too goes their health insurance. States need additional resources to support the increased demand for services as their revenues are declining. States also need additional resources to prevent cutbacks in Medicaid coverage and benefits that would otherwise be required to help balance their budgets in a time of declining revenues.

Second, additional healthcare spending acts as an economic booster. Increasing the Federal funding of Medicaid is a powerful countercyclical tool; it is direct, immediate, and does not require any additional administrative costs or actions to implement.

Third, increased investment in the National Institutes of Health (NIH) is vital to a successful economic stimulus package. An effective economic stimulus plan must quickly inject and circulate a significant amount of money into the domestic economy to reinvigorate consumer confidence, sustain employment, and contribute to more stable financial markets. NIH is a proven vehicle to provide maximum economic stimulus effect, plus it offers additional opportunities to accelerate biomedical research that will benefit all U.S. citizens.

Unfortunately, for the past five years, Federal funding for NIH has not kept pace with inflation. In addition to stifling scientific progress, these funding cuts have a negative economic impact on communities across the country. Eighty to 90 percent of the NIH \$29 billion budget funds research that takes place at universities, medical research centers, hospitals, and research institutes in every state in this country. The Federal dollars that NIH sends out into communities provide direct economic benefits at the local level, including increased employment and growth opportunities for universities, medical centers, and local companies. When NIH funding is cut, communities across the Country pay the price.

The Committee welcomes the testimony of today's witnesses, particularly Mr. Zolotorow, who will provide a first-hand account of the importance of his Medicaid coverage. There is a great deal at stake if we do not provide States with the resources to continue providing healthcare coverage to people in this time of need.