REMARKS OF

THE HONORABLE

HENRY A. WAXMAN,

CHAIRMAN,

SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT

BEFORE

THE HOUSE

810501

STATEMENT OF THE HONORABLE HENRY A. WAXMAN, CHAIRMAN
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
COMMITTEE ON ENERGY AND COMMERCY

GENERAL DEBATE ON THE
FIRST BUDGET RESOLUTION FOR FY'82

MAY 1, 1981

THANK YOU MR SPEAKER. I AM PLEASED TO JOIN THE DISCUSSION OF THE FEDERAL BUDGET FOR FISCAL YEAR 1982. THIS DEBATE IS PARTICULARLY IMPORTANT BECAUSE OF THE PROPOSALS OFFERED BY THE REAGAN ADMINISTRATION AND THE GRAMM-LATTA SUBSTITUTE. WE SHOULD NOT MINIMIZE THE IMPACT OF THE CHOICES WE WILL MAKE IN VOTING ON THIS BUDGET. THIS VOTE INVOLVES FAR MORE THAN DOLLAR LEVELS FOR FEDERAL OUTLAYS: IT INVOLVES HIGHER HEALTH CARE COSTS FOR ALL AMERICANS AND DEVASTATING REDUCTIONS IN SERVICES FOR THE POOREST OF THE POOR.

AS CHAIRMAN OF THE SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT, I HAVE CAREFULLY ASSESSED THE IMPACT OF THE ADMINISTRATION'S BUDGET PROPOSAL ON THE HEALTH OF OUR PEOPLE. I AM VERY CONCERNED THAT THESE PROPOSALS ARE NOT IN THE BEST INTEREST OF THE NATION.

THESE PROPOSALS SEEK A MAJOR RESTRUCTURING OF FEDERAL EFFORTS AND DIRECTIONS IN HEALTH CARE. THEY WOULD HALT 20 YEARS OF PROGRESS IN IMPROVING THE HEALTH OF THE AMERICAN PEOPLE. THE WELL-BEING AND ECONOMIC SECURITY OF MILLIONS OF AMERICANS WOULD BE JEOPARDIZED.

MY FUNDAMENTAL CONCERN WITH THE REAGAN BUDGET IS THAT IT PROPOSES TO SHIFT OR ELIMINATE ALTOGETHER <u>EVERY</u> FEDERAL PROGRAM WHICH PROVIDES HEALTH CARE SERVICES TO AMERICANS WHILE IT DOES NOTHING TO ADDRESS THE UNDERLYING PROBLEM OF HEALTH CARE INFLATION. THE REAGAN BUDGET FAILS TO RECOGNIZE THAT IT IS INFLATION IN HEALTH COSTS -- NOT FEDERAL HEALTH PROGRAMS -- WHICH HAS CREATED THE FUNDING PROBLEMS WE FACE TODAY.

LAST YEAR ALONE, HEALTH CARE COSTS INCREASED BY 14.2% -- OR $29 BILLION NATIONWIDE. ANNUAL HEALTH EXPENDITURES BY EVERY AMERICAN EXCEED $1,000 A PERSON OR $4,000 FOR A FAMILY OF FOUR.

HOSPITAL COSTS ARE NOW INCREASING AT THE RECORD RATE OF 19.7% PER YEAR. A DAY IN THE HOSPITAL NOW COSTS AN AVERAGE OF $270 AND IS PROJECTED TO EXCEED $500 BY 1985 AND NEARLY $1,000 BY 1990.

INSTEAD OF CONFRONTING THIS UNBRIDLED INFLATION, THE REAGAN ADMINISTRATION HAS PROPOSED TO LIMIT FEDERAL EXPENDITURES BY MERELY SHIFTING THE COST AND RESPONSIBILITY FOR PROVIDING ADEQUATE HEALTH CARE SERVICES TO THE STATES, LOCALITIES, AND INDIVIDUAL PROVIDERS. HEALTH CARE SERVICES TO NEEDY CHILDREN AND OUR MOST VULNERABLE ELDERLY AND DISADVANTAGED CITIZENS WILL BE CUT WHILE HEALTH CARE INFLATION INCREASES NATIONAL HEALTH CARE SPENDING BY TENS OF BILLIONS. HEALTH CARE TO THE POOR WILL BE RATIONED WHILE THE BASIC FAULTS OF THE ENTIRE HEALTH CARE SYSTEM -- PUBLIC AND PRIVATE -- ARE IGNORED.

THE REAGAN ADMINISTRATION HAS CHARTED ITS NEW COURSE FOR HEALTH CARE WITHOUT EXAMINING THE IMPACT OF ITS PROPOSED ACTIONS AND WITHOUT CONSULTING WITH THE STATES AND PRIVATE GROUPS ASKED TO ASSUME ADDITIONAL COSTS AND RESPONSIBILITIES. LET US BRIEFLY REVIEW THE REAGAN PROPOSALS.

FIRST, FEDERAL COSTS WOULD BE REDUCED BY LIMITING EXPENDITURES ON CARE FOR THE POOR. THE FEDERAL COMMITMENT TO SHARE WITH THE STATES IN THE COST OF CARE FOR THE INDIGENT UNDER MEDICAID -- A 15 YEAR PARTNERSHIP -- WOULD BE REPLACED WITH A CEILING ON FEDERAL FINANCIAL INVOLVEMENT. THE STATES WOULD BE LEFT WITH THE IMPOSSIBLE TASK OF MEETING THE NEEDS THAT EXCEED THE FEDERAL CONTRIBUTION OR REDUCING VITAL HEALTH AND LONG TERM CARE-SERVICES. THIS CUT -- DESPITE ALL THE TALK ABOUT A "SAFETY NET" -- IS TARGETED ON THE VERY POOREST OF OUR PEOPLE.

THE PROPOSAL TO REPLACE MANY EXISTING CATEGORICAL HEALTH PROGRAMS WITH BLOCK GRANTS TO THE STATES WOULD ALSO REDUCE FEDERAL COSTS AT THE EXPENSE OF THE POOR AND UNDERSERVED. FUNDING FOR A WIDE RANGE OF HEALTH, MENTAL HEALTH, AND PREVENTION ACTIVITIES WOULD BE REDUCED BY 25% AND THE STATES GIVEN TOTAL DISCRETION TO DECIDE HOW OR WHETHER TO CONTINUE ANY OF THESE PROGRAMS. BLOCK GRANTS WOULD SLASH DOZENS OF ESSENTIAL HEALTH SERVICES INCLUDING PRENATAL CARE, IMMUNIZATIONS, FAMILY PLANNING, AND DRUG ABUSE COUNSELING. AS THE BUDGET COMMITTEE REPORTS: "THESE PROGRAMS PROVIDE VALUABLE HEALTH CARE FOR POOR AND MEDICALLY UNDERSERVED POPULATIONS...THEY COULD NOT ABSORB A 25% REDUCTION IN FUNDING WITHOUT DRASTICALLY REDUCING MEDICAL SERVICES."

SECOND, THE REAGAN BUDGET PROPOSES TO ABOLISH TWO EXISTING FEDERAL PROGRAMS DESIGNED TO LIMIT HEALTH CARE COSTS -- HEALTH PLANNING AND PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS. WHILE THESE PROGRAMS ARE NOT PERFECT, THEY ARE OUR ONLY TOOLS TO CONTROL COSTS. LOCALLY BASED AND STAFFED BY THOUSANDS OF VOLUNTEERS, THE TWO PROGRAMS ARE NOW BEGINNING TO WORK.

THE REAGAN BUDGET WOULD ABOLISH THESE PROGRAMS, AND GIVE THE NATION'S HEALTH INDUSTRY A BLANK CHECK ON THE FEDERAL TREASURY. AN UNPLANNED, UNREVIEWED SYSTEM IS THE PERFECT PRESCRIPTION FOR EXCESS BEDS, UNNECESSARY CARE, AND EVEN GREATER HEALTH CARE INFLATION.

THE FINAL REAGAN HEALTH POLICY IS A HEAVY DOSE OF RHETORIC ABOUT A COMPETITIVE HEALTH CARE SYSTEM. BEYOND RHETORIC, HOWEVER, THE ADMINISTRATION HAS PROVIDED NO CONCRETE DETAILS ON HOW IT PLANS TO FORCE DOCTORS AND HOSPITALS TO CHANGE THEIR CURRENT MODE OF OPERATION.

AND WHATEVER THE LONG-RANGE BENEFITS OF INCREASED COMPETITION, IT CLEARLY WON'T LIMIT COSTS IN 1982 OR 1983. EXPERIENCE FROM BOSTON, CLEVELAND AND DENVER INDICATES THAT YEARS ARE NECESSARY TO ESTABLISH SUCCESSFUL HEALTH CARE PLANS. EVEN THE STRONGEST ADVOCATES ADMIT THAT IT WILL TAKE COMPETITIVE REFORMS 10 YEARS TO CONTROL HEALTH CARE COSTS. YET THE REAGAN ADMINISTRATION ASKS US TO BELIEVE THAT 1 2 BILLION IN SAVINGS WILL ACCRUE TO MEDICARE OVER THE NEXT FIVE YEARS FROM THIS UNDEFINED PROPOSAL.

THE OVERALL EFFECT OF THE REAGAN POLICIES ARE SIMPLE TO PREDICT. IF THESE POLICIES ARE ADOPTED, THE NATION WILL EXPERIENCE HIGHER HEALTH CARE COSTS, AND HEALTH SERVICES FOR MILLIONS OF OUR CITIZENS WILL BE REDUCED RATHER THAN IMPROVED.

WITHOUT ANY EFFORT TO RESTRAIN COSTS, FEDERAL, STATE AND LOCAL GOVERNMENTS WILL ALL FACE EVER INCREASING EXPENSES FOR EXISTING BENEFITS AND EXISTING BENEFICIARIES. PRIVATE INDUSTRY WILL SEE BILLIONS OF DOLLARS OTHERWISE AVAILABLE FOR PLANT MODERNIZATION, ENVIRONMENTAL IMPROVEMENT AND BETTER WAGES AND BENEFITS DEVOTED TO HIGHER AND HIGHER HEALTH INSURANCE PREMIUMS.

BUT MOST IMPORTANTLY, CONTINUING INCREASES IN COSTS FOR OUR EXISTING PROGRAMS WILL INHIBIT -- IF NOT PRECLUDE -- EFFORTS TO IMPROVE SERVICES FOR ALL PEOPLE. FURTHER EFFORTS TO IMPROVE EFFECTIVE PREVENTIVE CARE FOR MOTHERS AND CHILDREN WILL BE DEFERRED. MEDICARE BENEFITS, WHICH ALREADY PAY LESS THAN ONE-HALF OF THE HEALTH CARE COSTS FOR THE ELDERLY, WILL CONTINUE TO ERODE YEAR BY YEAR. THE MORE-THAN-20 MILLION AMERICANS NOW WITHOUT ADEQUATE HEALTH INSURANCE AND THE 15 TO 25 MILLION OF OUR PEOPLE WHO LIVE IN RURAL AND INNER-CITY UNDERSERVED AREAS WILL SEE FEWER DOCTORS AND HOSPITALS AVAILABLE TO SERVE THEM.

HIGHER COSTS AND REDUCED CARE -- THAT IS THE MESSAGE OF THE REAGAN HEALTH BUDGET.

I MUST ADD SOME COMMENTS ABOUT THIS BUDGET PROCESS AND THE RECONCILIATION PROCEDURE THAT HAS DEVELOPED. IT IS A BAD PROCESS. IT IS NOT A REASONABLE WAY TO DEVELOP POLICY AND MAKE LAWS. AUTHORIZING COMMITTEES HAVE EXPERTISE IN SUBJECT AREAS. THEIR JOB IS TO DEVELOP LEGISLATION WITH A FULL REALIZATION OF ITS SUBSTANCE AND ITS IMPACT, AND TO ADVISE THE HOUSE ACCORDINGLY.

BUT THAT IS NOT THE WAY THE PROCESS WORKS ANY LONGER. NOW A BUDGET RESOLUTION ESTABLISHES "POLICY" IN TERMS OF ABSTRACT DOLLAR "SAVINGS" WITHOUT REGARD TO THE SUBSTANTIVE IMPACT. DO THE MEMBERS HERE TODAY KNOW THAT ADOPTION OF THE GRAMM-LATTA SUBSTITUTE MEANSTHEY ARE VOTING:

---TO SLASH HEALTH PREVENTION AND IMMUNIZATIONS PROGRAMS FOR CHILDREN?

---TO REDUCE FUNDING FOR NURSE TRAINING PROGRAMS BY 80 PERCENT?

---TO REPEAL THE MENTAL HEALTH SYSTEMS ACT WE PASSED OVERWHELMINGLY ONLY LAST YEAR?

I DON'T THINK SO. YET THAT IS WHAT THIS PROCESS RESULTS IN. FURTHER, RECONCILIATION INSTRUCTIONS NOW ARE NOT JUST FOR ONE YEAR, BUT FOR THREEE YEARS. RECONCILIATION INSTRUCTIONS UNDER THE GRAMM-LATTA SUBSTITUTE COVER NOT JUST GENERAL SPENDING LEVELS, BUT AUTHORIZING LEGISLATION AS WELL. THIS IS A BAD PRECEDENT. THE AUTHORIZING COMMITTEES BECOME IRREVELANT. THE HOUSE SHOULD NOT ACCEPT IT.

I OPPOSE THE RECONCILIATION PROCESS. I OPPOSE THE GRAMM-LATTA SUBSTITUTE. OVERNIGHT IT WILL UNDO HEALTH PROGRAMS WHICH THE CONGRESS HAS BEEN DECADES IN ESTABLISHING. THE HEALTH CARE SYSTEM WILL BE DAMAGED. PEOPLE WILL SUFFER. WE WILL RUE THE DAY IF WE GO ALONG WITH THE PROPOSALS BEFORE US.