



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of the Honorable Chuck Grassley, Chairman  
Senate Finance Committee  
Confirmation Hearing for Governor Michael Leavitt  
Wednesday, January 19, 2005

Governor Leavitt, welcome. First, I would like to take this opportunity to thank Secretary Thompson for his devoted public service over the past four years. During his tenure Secretary Thompson successfully led the Department through the September 11th tragedy and the flu vaccine shortage. He was also instrumental in passage of the Medicare Modernization Act of 2003 and has successfully completed 200 regulations on time with 27 pending publication, a difficult task that will continue into 2005. Looking back at these past events and looking forward to the new challenges that await us, it is most fitting that we start the first health care hearing of the 109th Congress with Governor Leavitt's nomination. During his tenure as Governor, he reduced the number of uninsured children through his work on the Children's Health Insurance Program and significantly increased the number of those with health insurance coverage by 400,000. He improved immunization rates by nearly 75 percent and made significant improvements to the child welfare system. I am certainly not alone in my high estimation of Governor Leavitt. The people of Utah recognized his strong leadership capabilities by re-electing him for three consecutive terms as Governor.

Certainly, big challenges lie ahead for this department and strong leadership is needed. First and foremost, there are an estimated 45 million Americans who lack basic health coverage. Each year, the ranks of the uninsured increase. As Secretary, your leadership will be called upon to propose innovative ways that we can help contain costs and increase access to health care. This is surely one of the biggest health care challenges of our time. The Medicaid program is the key federal program for providing health care access to low-income individuals and families. It is now the largest federal health care program in terms of total spending and it served about 51 million people in 2002. Yet it was originally enacted in 1965, and many have suggested that it has not kept up with today's challenges. Increasingly, states have been forced to rely upon the 1115 waiver process to manage the program and these waivers are negotiated with little Congressional oversight. I look forward to working with Governor Leavitt to ensure that Medicaid is functioning as effectively as it should be.

Since 2003, the GAO has ranked Medicaid among its "high risk" programs. I hope Governor Leavitt is as surprised as I was to learn that CMS allocates only eight full-time employees to Medicaid program integrity. Congress and the Agency need additional oversight of the Medicaid payment error rate. Medicaid dollars lost to fraud, waste, and abuse must be saved and directed to the millions of low-income Americans who need them.

On the issue of SCHIP, \$1.1 billion in SCHIP allotments expired last year and were returned to the treasury. In addition, there are anywhere from 4 to 6 million children who are uninsured, despite being eligible for coverage under SCHIP or Medicaid. And over the next three years, a growing number of states, including my state of Iowa, are projected to consume their federal SCHIP allotments and when this happens they will lack the federal funds necessary to provide their current level of SCHIP coverage and benefits. We need to recapture the \$1.1 billion in SCHIP funds, increase our outreach efforts to enroll more children, and we need to revitalize the SCHIP program so that it is on firm financial footing. Finally, we need to enact improvements to the 1996 welfare reform bill. We have debated this issue now for over three years. It is time for action. The numerous short-term extensions are disruptive to the program and I look forward to working with you, Governor Leavitt, to get a welfare bill sent to the President this year.

The Department also has the important job of implementing the new Medicare prescription drug benefit. Under Dr. McClellan's leadership, the Centers for Medicare and Medicaid Services has accomplished an impressive workload over the last year. Dr. McClellan and the staff at CMS are to be commended for their long hours, hard work, and dedication. This is a crucial year for the drug benefit and I look forward to working with you in this area as well. Medicare still faces significant challenges to be sure. Medicare spending grew by 5.7 percent in 2003, and as spending continues to increase there is a growing need to restrain its growth. Many have said rising costs in health care can be contained and health care quality improved by paying providers based on their performance and by utilizing health information technology. The Department has taken significant steps to reduce health care costs and provide better care through chronic care management initiatives and additional preventive benefits, like the initial "Welcome to Medicare" physical and screenings to detect heart disease and diabetes that were added by the Medicare Modernization Act.

The Department also called upon Dr. Brailer, as the National Coordinator for Health Information Technology, to develop, maintain, and oversee a plan focused on the nationwide adoption of health IT in both the public and private sector. Bringing these initiatives together to reward quality and efficiency while reducing medical errors and duplication will be one of the major undertakings in health care over the next decade and strong leadership at HHS is needed to help make it happen.

Another issue on which your leadership is needed is the importation of prescription drugs from Canada and other developed nations. American consumers are demanding lower prices on prescription drugs and I believe that legalizing importation under conditions that ensure safety is the right thing to do. I look forward to working with my colleagues on both sides of the aisle to craft legislation that will pass Congress and be signed into law by the President.

Finally, I would also be remiss if I did not address an issue that continues to be of great concern. Governor, the frail and the elderly residing in our nation's nursing homes deserve high quality care. I am confident that I can rely on you work hand in hand with me to ensure that they receive no less. Besides these issues, the Department faces other significant challenges. I have always taken the responsibility of conducting oversight of the Executive Branch's operations very

seriously and I have and will continue to do so as Chairman of the Finance Committee.

Government truly is the people's business, and Americans have a right to know what their government is doing and how it spends their money. Transparency in government coupled with aggressive oversight is critically important in helping to make government more transparent, more effective, more efficient and more accountable to taxpayers, program participants, and beneficiaries. In that regard, I am a firm and ardent supporter of whistleblowers. Historically, whistleblowers have been the key to uncovering waste, fraud and abuse. Unfortunately, whistleblowers are often as welcome as a skunk at a picnic. As the nominee to be Secretary of the Department, you will be responsible for the Food and Drug Administration, the Centers for Disease Control and Prevention, and the National Institutes of Health, among others. Unfortunately, a number of serious and potentially life threatening problems have come to light at these agencies, in large part thanks to whistleblowers.

In particular, the FDA has come under increasing scrutiny on issues of drug safety. Governor Leavitt, it will require your strong leadership to make the FDA more transparent and to restore the public trust. Scientists working in that office are not to be muzzled and overcome by the pressures placed on them by other offices at the FDA. The American people deserve to know their drugs are safe. A number of individuals have blown the whistle at the FDA. These patriotic Americans are scared that if they tell the truth, they will suffer retaliation at the hands of senior officials. With that in mind Governor Leavitt, I want your public assurance that anyone who exposes problems at your Department will have their rights as federal employees fully respected and will be permitted to speak with this Committee or any member of Congress without fear of reprisal. Do I have your commitment Governor Leavitt? You understand that I need employees at the Department to hear you because I know that they are listening. If so, thank you. I look forward to addressing these problems with you. It is my hope that the Finance Committee will work closely with Governor Leavitt to address some difficult issues that affect millions of Americans. Taking a closer look at Medicaid and SCHIP improvements, implementation of the new Medicare drug benefit, importation of prescription drugs, enactment of welfare reform, and the advancement of information technology and quality in health care are just some of the priorities I look forward to addressing with Governor Leavitt and my fellow colleagues.

Let me close by thanking Governor Leavitt for his willingness to serve as Secretary for the Department of Health and Human Services. It is a major commitment that requires personal sacrifices on many levels. I would also like to thank President Bush in his choice of such a qualified and competent candidate.