

Statement of

Dr. Mark McClellan

**Nominee for Administrator of the Centers for Medicare & Medicaid Services
Department of Health and Human Services**

**Before the
Committee on Finance
United States Senate**

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Mr. Chairman, Senator Baucus, distinguished Members of the Committee, thank you for your consideration of my nomination as Administrator of the Centers for Medicare & Medicaid Services. And I especially want to thank my wife Stephanie, who is with me here today and has been with me every step of the way. Our twin daughters are five now, and for most of their lives I've been working for the Federal government. I still remember, soon after they were born, going into my office every morning at the Treasury Department, with all of the policy controversies around Medicare proposals and new savings proposals and the like and thinking to myself, what a restful and relaxing place! Public service means a number of sacrifices, and Steph's been making them for us.

Helping Americans get the most out of Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), and other CMS-administered programs is one of the most critical functions of the federal government. These programs have daily and profound impacts on more than 70 million seniors, people with disabilities, and many other of America's most vulnerable citizens. I am proud and honored that the President has chosen me for this duty, and should you concur, I assure you that I will not let you down.

The main reason I'm confident of success is that, if confirmed, I expect to benefit from the advice and guidance from many parties. I view this as a partnership. The partnership would start with the members of this committee and the Congress. In my current job, and in my previous jobs in government, in medicine, and in academic research, I have appreciated the opportunity to work with you all on a range of healthcare issues. Since my nomination was announced, I have especially appreciated the time that you have made to let me know about critical health care concerns for the new Administrator to address, particularly those related to

the new era of an expanded Medicare program that is starting right now as a result of the newly enacted Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). I am looking forward to continuing to talk about all of these issues with Senators from both parties who are strongly committed to Medicare, Medicaid, and SCHIP.

I am also looking forward to hearing more from the many individuals and groups outside of the Congress who care about these programs, to make sure we are finding all the ways possible to work together. That includes working with people who may not agree on everything about Medicare or Medicaid, but who are willing to roll up their sleeves and do everything possible under our laws to achieve our shared goal of health care that is affordable and vibrant for beneficiaries. It includes working with outside groups, our partners in state and local governments, health professionals and providers, and most of all, working with the beneficiaries of these programs to help make sure they know how to get the most out of their benefits and that we are responsive to their changing needs.

And the help would also come from the professional staffs of CMS and HHS and throughout the Administration, who are all already working full steam on implementing this legislation. CMS is staffed with very smart, talented people who are dedicated to the Agency's mission. My experience with CMS goes back to my first research project as a graduate student, and has continued during my career in academics and government. I have especially valued the firsthand experience with CMS programs through many of my patients during my medical training in Boston and my work as a professor of medicine at Stanford. What I have learned from that experience with patients served by CMS, and with the CMS staff, is that this program is about much more than paying insurance claims and financing health care. I believe CMS is one of the nation's most important public health agencies, just like FDA and CDC and NIH, with an absolutely critical public health role to play not only in helping millions of Americans get access to high-quality health care, but also in making our health care system fundamentally better. I am honored to have the opportunity to join the CMS workforce, particularly at a time when the challenges and rewards of working at CMS have never been greater.

Before 1965, fully half of American seniors and millions of low-income Americans lacked health insurance. Health insurance coverage was lowest among the youngest and the oldest in our nation - the very people who had the most to gain from modern medicine. Like thousands of other doctors in this country, I have too often seen patients that did not have the money to pay out-of-pocket for needed medicines. And too often they did not have enough information to make informed decisions.

Since 1965, especially for seniors with fixed incomes, for children whose parents are struggling to get by, for Americans with disabilities, and for people with limited means, the services that the Agency provides are literally lifelines – lifelines to modern medicine and lifelines to a measure of financial security.

But in the forty years since then, modern medicine has changed dramatically. In 1965, if you had a heart attack, you counted yourself lucky if you did not die. You were lucky to go through weeks of hospitalization and surgery and rehabilitation, and to live just a few more years with much less ability to get around and do things. Today, if you have a heart attack, you should not only expect to live, but you should expect modern medicine to head off the heart attack as it's happening and then, after just a few days in the hospital, you should expect a full and healthy and active life – working longer, or spending time with your loved ones, or doing all the things that makes life in this country so wonderful. Similarly, Americans with cancer have better odds of beating the disease than ever – in many more cases, avoiding prolonged exposure to toxic drugs that were the mainstay of therapy just a decade ago through new, targeted treatments that attack the disease, and not the patient. And there is more medical knowledge than ever to catch cancers early or prevent them in the first place. The same is true for many other diseases.

Yet Medicare has not kept up. Seniors not only have lacked drug coverage, they have too often lacked access to other preventive treatments, like a physical exam and monitoring that can prevent the complications of heart disease or diabetes and many other chronic illnesses. They were just an illness or accident away from destitution.

I have seen the problems in my own practice, and I have heard about them from countless doctors, nurses, researchers, and other health professionals. These problems include paper records that are incomplete or cannot be found; too much time spent on paperwork; systems designed for the care of yesterday, when the potential for better outcomes and lower costs from the care of today and tomorrow has never been greater; and, patients getting no help with prices for new drugs that too often are the highest in the world – and as a result having to compromise the quality of their care by cutting pills in half, skipping doses, delaying refills, or buying cheaper drugs from outside of our comprehensive regulatory system for assuring that drugs are safe and effective.

As with any profound government commitment, there has been a lot of debate about the best way to help Medicare keep up – the best way for Medicare to help seniors today and to help improve medicine for seniors in the future. Debate is a great way to make sure we are considering all possible ideas for making the lives of Americans better and better, and we need to keep this up. But now thanks to this Committee, the Congress, and the President, we have a new Medicare law. And thanks to Secretary Thompson and other senior leaders, there is a deep commitment to implementing it effectively. And so as CMS Administrator, I would have a very special responsibility at a very special time.

As we enter this new era, CMS is working hard to create a brand new drug benefit for America's seniors, to strengthen Medicare's managed care program to offer more choices, better benefits and more stability for beneficiaries, and to provide more preventive care, including a "Welcome to Medicare" screening to assess beneficiaries' health needs as soon as they are eligible for the program. The Medicare Modernization Act calls on CMS to act quickly to do all of these things and much, much more to improve benefits for beneficiaries sick and healthy, urban and rural.

But Medicare needs to do more than keep up with modern medicine. If confirmed, I intend to help Medicare and CMS drive modern medical care forward. Our new laws allow us to take bold new steps to help patients get higher quality, safe and effective treatments, delivered at the right time and without errors. This includes electronic prescribing and quality information; disease management programs; disease prevention; better information for doctors and patients to

improve their lives at the lowest possible cost; and, stronger partnerships with all those who care deeply about Medicare to try out the best new ideas and then get the benefits to Americans. We have better opportunities than ever to create a health care system in which patients and doctors can make informed decisions about the most innovative medical care based on timely access to the latest evidence. We have better opportunities than ever to create an environment that supports the latest medical science for helping patients prevent disease and avoid complications from diseases, and that allows us to spend our health care dollars much more effectively as a result. CMS can do much to create that environment for innovative, affordable, effective medical care.

As part of this effort, no responsibility is greater than making sure seniors and other people who depend on these programs get all the relief possible under the law, especially lower drug costs and lower prices, safely.

Likewise, I will continue the Agency's efforts to maintain a strong partnership between CMS' staff and the states with which they partner the Medicaid and SCHIP programs. I believe that through an open dialogue, clear policies and guidance, and prompt and thoughtful answers from us, we can work with our state partners to succeed in these challenging times.

And so in closing, I want to renew a promise I made when I was before the Senate during my confirmation for FDA Commissioner. If confirmed as Administrator, I pledge to listen and act on what I hear from all of our partners in achieving the goal of affordable, innovative, high-quality health care for the beneficiaries of CMS programs and all Americans. CMS has many initiatives in place to make sure that stakeholders get clear explanations from me and my staff, an opportunity to get a fair and complete hearing of your point of view, and the confidence that our decisions will be based on a full and timely evaluation of the empirical evidence and the science. As at FDA, I will work to ensure that careful analysis based on the facts and the science, integrity, and thoughtful decision-making are the foundation for all of our work. We will not always agree, but I hope to make it possible for us to work together effectively to meet the challenges ahead.

We all share the goal of affordable, innovative, high quality health care. Clearly, there is a tremendous amount of work to do right away to achieve this goal -- both at CMS and throughout our nation's health care system. To keep the promise of Medicare, Medicaid, and many other Federal programs to patients today and patients tomorrow, we have a unique opportunity to make safe medicines much more affordable right now, and pave the way for preventing more diseases and their complications through better medical care in the future. This is a historic time, and it is a profound honor and privilege to get a chance to be a part of it.

My mother, who has spent her career in public service, likes to say, "It's not the dollars you make, it's the difference you make." As CMS Administrator, for the sake of patients today and the patients of tomorrow, I will take the prompt and decisive steps necessary to help make our medical future brighter, healthier, and more secure than ever. Thank you for your consideration of my nomination at this historic time, and I would be glad to answer any questions you may have.