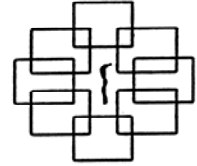


COALITION FOR HEALTH FUNDING



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10:00 a.m.

COALITION FOR HEALTH FUNDING FY '07 RECOMMENDATIONS (in millions of dollars)

| AGENCY | FY '05 enacted | Conf FY 06 | 1% atb cut compared to FY 05 | Final FY 06 Approp. (enacted) | Pres FY 07 Request | Pres FY07-Final FY 06 | CHF Rec. FY07 |
|--------|----------------|------------|------------------------------|-------------------------------|--------------------|-----------------------|---------------|
| NIH | \$28,412 | \$28,635 | -\$63 | \$28,349 | \$28,350 | \$1 | \$29,750 |
| CDC* | \$6,399 | \$6,150 | -\$307 | \$6,089 | \$5,808 | -\$281 | \$6,399 |
| HRSA | \$7,349 | \$6,661 | -\$754 | \$6,594 | \$6,363 | -\$231 | \$7,500 |
| SAMHSA | \$3,392 | \$3,359 | -\$65 | \$3,325 | \$3,260 | -\$65 | \$3,466 |
| AHRQ** | (\$319) | (\$319) | \$0 | \$0 | (\$319) | \$0 | (\$440) |
| TOTALS | \$45,552 | \$44,803 | -\$1,189 | \$44,357 | \$43,781 | -\$577 | \$47,115 |

NIH – National Institutes of Health

CDC – Centers for Disease Control and Prevention

HRSA – Health Resources and Services Administration

SAMHSA – Substance Abuse and Mental Health Administration

AHRQ – Agency for Healthcare Research and Quality

* Numbers do not include emergency funds, e.g. pandemic flu

** The Budget for AHRQ is wholly derived from transferred funds

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Mr. Chairman, the Coalition for Health Funding is pleased to provide the Subcommittee with its testimony recommending FY '07 funding levels for the agencies and programs of the U.S. Public Health Service. Since 1970, the Coalition's member organizations, representing 40 million health care professionals, researchers, patients and families, have been advocating for sufficient resources for PHS agencies and programs to meet the changing health challenges confronting the American people. The Coalition for Health Funding is the nation's oldest, most broadly based alliance focused on the breadth of discretionary health spending. One of the important principles that unites the Coalition's members is that the health needs of the nation's population must be addressed by strong, sustained support for a continuum of activities that includes biomedical, behavioral and health services research; community-based disease prevention and health promotion; health care services for vulnerable and medically underserved populations; ensuring a safe and effective food and drug supply; and education of a health professions workforce in adequate numbers to address the breadth of need.

The Coalition for Health Funding believes the Bush Administration, and Congress, are undermining progress that has been made and also missing an important opportunity to improve the health of all Americans by reducing rather than investing more resources in the agencies and programs of the U.S. Public Health Service. Federal spending for public health has always been low compared to other health spending, amounting to three percent of total health care spending according to the Centers for Medicare and Medicaid, and yet an investment in public health has the potential to slow unsustainable growth in mandatory costs, reduce lost productivity at work, school and home, and strengthen every citizen's contribution for a healthy, economically strong America. Mounting evidence-based studies (www.thecommunityguide.org; www.aspe.hhs.gov/health/prevention/prevention.pdf; www.modelprograms.samhsa.gov) demonstrate the effectiveness of prevention, early intervention, access to basic health care services and associated cost-savings support investing in public health programs and activities.

However, instead of investing in these proven approaches, over the past three fiscal years we have seen a serious erosion of resources, beginning in the budget phase with flat-funding, or cuts in funding, followed then by cuts in funding for many programs during the Committee phase of the appropriations process followed by across-the-board cuts in the final bills for all health programs. Last year, public health agencies under the jurisdiction of this Subcommittee lost a total of \$1.1 billion. The President's FY '07 budget request takes these reductions considerably further by proposing to cut funding for health agencies by another \$577 million. Compared with FY '05 funding levels, if enacted, the President's FY '07 budget request would result in a loss of core funding for health programs of nearly \$2 billion, or 4 percent, as the accompanying table shows. In real dollar terms – taking inflation into account – the loss would be \$4.4 billion, or nearly 10 percent.

The Coalition for Health Funding urges the Subcommittee on Labor, Health and Human Services and Education to reject the President's proposal to reduce the nation's investment in public health and instead join 415 health organizations that, in letter dated February 1st urged the President and Congress to make an investment in public health of \$2.6 billion over FY 2006 levels. As that letter states:

“The health of all Americans is at risk from an unprecedented range of threats, including: chronic diseases and disabilities, infectious and food borne illnesses, biological and chemical terrorism, mental disorders and substance abuse, catastrophic injuries, and a shortage of healthcare providers and trained public health workers. And yet, last year, Congress cut public health programs by over \$1 billion, many of which continue to struggle to respond to sharply increased demands in the wake of the greatest natural disaster to strike the United States: Hurricane Katrina.

Consequently, the undersigned organizations urge you to increase funding for public health through the Function 550/discretionary budget allocation in Fiscal Year 2007 by an amount reflecting application of appropriate inflation factors to the final FY 2006 funding level plus \$1 billion....Without additional resources on this scale, our nation's public health system – the continuum of medical research, prevention, treatment and training programs – cannot respond adequately to the threats, challenges and opportunities facing the nation.”

The following is a partial list of the Coalition's FY 2007 recommendations for specific U.S. Public Health Service agencies. The Coalition developed these recommendations working with eight other health coalitions with a more targeted focus on one agency.

National Institutes of Health (NIH)

The Coalition supports \$29.750 billion in FY '07 for the National Institutes of Health, a 5 percent increase over the FY '06 funding level. The President's FY '07 budget request for NIH is a hard freeze from the FY '06 funding level and so continues the erosion of the nation's medical research effort. After adjusting for inflation using the Biomedical Research and Development Price Index, this budget represents a loss of more than 11 percent in NIH's purchasing power since 2003. The result is NIH is funding fewer research projects, slowing our progress against disease and disability and discouraging talented young people from pursuing careers in medical research. The Coalition endorses the Ad Hoc Group for Medical Research's recommendation which calls for a \$1.4 billion increase in the NIH budget for FY '07 to keep pace with inflation and provide a modest increment to support new initiatives.

NIH is engaging the next generation of biomedical research to integrate and aggregate basic research, computational capabilities, and clinical evidence into new cures. Transforming America's health for the 21st century will require a longstanding commitment from our country and its leaders. The pace and intensity of this transformation is critical. Health improvements will only be possible if the medical research enterprise runs smoothly. Recent discoveries NIH supported research has made possible include: lifestyle intervention can reduce the onset of Type II diabetes as occurred in 58 percent of those at risk in a recent trial; islet cell transplantation has reduced the need for insulin for 250 individuals with juvenile diabetes; low-cost diuretics are as effective as newer, costlier drugs in lowering high blood pressure that affects one in four Americans, potentially saving money and enhancing compliance; newer antidepressant medications are more targeted to specific brain function resulting in fewer side effects and enhanced compliance; great advances in understanding the genetic factors in Alzheimer's Disease holds promise for treatment for the growing number of Americans afflicted with this devastating disease; new vaccines have been developed against Haemophilus influenzae type b, pneumococcal disease, Hepatitis A and B and a new Ebola vaccine is currently in trial.

Scientific discoveries are the result of a series of incremental steps that pave the way for future breakthroughs. This process needs sustained support.

Centers for Disease Control and Prevention (CDC)

The Coalition for Health Funding recommends a level of \$6.399 billion for CDC's core programs in FY '07. This amount is \$310 million more than the FY '06 funding level and \$591 million more than the President's request for FY '07. This amount simply restores CDC funding to the FY '05 level which means the agency would still lose \$258 million in real terms when a modest 2 percent inflation factor is

accounted for. The serious underfunding of CDC's core programs, the nation's premier disease prevention agency, is shockingly short-sighted.

The United States cannot effectively address escalating health care costs without addressing the problem of chronic diseases: the medical care costs of people with chronic diseases account for more than 75 percent of the nation's \$1.4 trillion medical care costs. Chronic diseases such as heart disease and stroke, cancer and diabetes, are the leading causes of death and disability in the U.S., accounting for 7 out of every 10 deaths and diminished quality of life for 90 million Americans -- and yet most of these diseases can be prevented. Further, the cost-effectiveness of prevention efforts, supported by the CDC, is well-documented. Here are just a few examples: for every \$1 spent on water fluoridation, \$38 is saved in dental restorative treatment costs. For a cost ranging from \$1,108 to \$4,542 for smoking cessation programs, 1 quality-adjusted year of life is saved. Smoking cessation interventions have been called the gold standard of cost-effective interventions. The direct medical costs associated with physical inactivity was \$29 billion in 1987 and nearly \$76.6 billion in 2000. Engaging in regular physical activity is associated with taking less medication and having fewer hospitalizations and physician visits. For every \$1 spent on preconception care programs for women with diabetes, \$1.86 can be saved by preventing birth defects among their offspring. According to one Northern California study, for every \$1 spent on the Arthritis Self-Help Program, \$3.42 was saved in physician visits and hospital costs.

CDC's Center for Chronic Disease Prevention and Health Promotion was cut almost 7 percent last year and is facing another 2.5 percent cut in the President's FY 2007 budget. Why are we investing less each year in these programs to prevent chronic diseases instead of more?

The Coalition also opposes the proposed elimination of funding for the Preventive Health and Health Services Block Grant and is deeply disappointed that Congress cut this program 30 percent last year. This funding provides the only source of flexible funding to state health departments to help them meet Healthy People 2010 goals. The funding is often used in innovative ways which complement other disease-specific categorical programs. More than 70 percent of the funds are used to fill gaps in critical public health activities, for example, the Prevention Block Grant is the only source of funding for many states to monitor well-contamination in poor rural areas. It has been stated that the Prevention Block grant duplicates categorical programs, but these programs are so strapped they do not meet the need. One example: heart disease remains the number 1 killer in every state, but only 14 states receive funding to implement the Heart Disease and Stroke Prevention program. The Prevention Block Grant also helps states cope with unexpected challenges such as emerging infectious diseases like West Nile Virus and the health consequences of disasters.

Similarly, there is insufficient funding provided for certain domestic infectious disease programs. The U.S. has made good progress in combating West Nile virus, but the President's budget would cut this program by \$10 million thereby jeopardizing this progress, and the budget cuts the emerging infections program by \$4.3 million. Further, the budget continues to underfund the very serious and growing problem of antimicrobial resistance in the U.S.

The Coalition objects to proposals in the President's budget to cut by \$46 million a number of programs directed at disabilities. The budget eliminates, or severely reduces, funding for: Epilepsy, Alzheimer's Disease, Lupus, Attention-Deficit Hyperactivity Disorder, Cooley's Anemia, Paralysis, Tourette Syndrome, and Pfesteria programs. It also cuts environmental health and occupational health activities which have strong disease and injury prevention effects, particularly in the workplace.

One positive aspect of the President's FY '07 budget request is the proposed \$93 million increase for domestic HIV/AIDS prevention activities. This comes after five years of hard freezes in funding which has seriously eroded this critical public health program area: there are 250,000 individuals living in the U.S. that do not know their HIV status and there are 40,000 new HIV infections each year. The Coalition supports the President's request which would increase testing in medical settings. But the Coalition warns that this will result in more individuals being identified that are infected with HIV which puts additional burden on states in their response efforts, including surveillance, which also needs increased resources.

Health Resources and Services Administration (HRSA)

The Coalition for Health Funding recommends an overall funding level of \$7.5 billion for HRSA in FY '07. This amount is \$900 million, or 14 percent, more than the FY '06 funding level, and is \$1.1 billion more than the President's request. This is the amount that the Coalition believes is needed to provide adequate resources for the important programs that HRSA administers that improve access to needed medical and health care services for medically underserved populations.

The Coalition is extremely concerned about recent deep cuts in funding to HRSA, the federal agency whose central stated mission is to achieve 100 percent access to health care services with zero disparities. This is simply not achievable with a cut of 10 percent last year and a proposed additional cut of 3.6 percent in the President's FY '07 budget. Chief among the cuts in FY '06, and proposed for complete elimination in the President's budget request, are the Title VII Health Professions education programs. The Title VII and the Title VIII nursing education programs are the only federal programs designed to train providers in multidisciplinary settings to meet the needs of special and underserved populations, as well as increase the minority representation in the health care workforce. Cuts imposed last year of 51.5 percent, including elimination of 7 Title VII programs, will only exacerbate racial and geographic disparities. Graduates of these programs are 3-10 times more likely to practice in underserved areas and are 2-5 times more likely to be minorities. The Coalition urges the Subcommittee to restore funding levels to the FY '05 level.

The Coalition deplores the elimination of several other HRSA programs in FY '06 including the Trauma-EMS Systems program, which supports states in the development of systems to ensure severely injured individuals receive quality trauma care in a timeframe that ensures optimal outcomes, and the Healthy Community Access program and state planning grants designed to close gaps in access to health care for uninsured individuals. Proposed elimination in the President's budget of the Children's EMS program, the Traumatic Brain Injury program, the Universal Newborn Screening program, the Rural and Community Access to Emergency Devices program to train lay rescuers and first responders to use Automated External Defibrillators, and an 83 percent cut for the Office of Rural Health Policy diminish both targeted prevention activities and health care access. Further, a cut of \$31 million last year to the Maternal and Child Health program, followed by a hard freeze in the President's budget request, has reduced services across the nation to the more than 26 million pregnant women, infants and special needs children served by the MCH Block Grant. MCH programs increase immunizations, newborn screening, reduce infant mortality and developmentally handicapping conditions, prevent childhood accidents and injuries, and reduce adolescent pregnancy.

The Coalition is pleased to be able to support increases in two program areas in the President's budget: \$181 million for Community Health Centers and \$95 million for the HIV/AIDS bureau programs. Both programs provide critical access to quality health care services for low income, medically underserved individuals. Overall, cuts imposed in FY '06 and proposed cuts in the President's budget to HRSA total

nearly \$1 billion, or more than 13 percent at a time when the number of uninsured individuals and families is rising and they are turning to federally funded programs for assistance and care.

Substance Abuse and Mental Health Services Administration

The Coalition for Health Funding recommends an overall funding level of \$3.45 billion for SAMHSA in FY '07. This amount is \$141 million, or 4.2 percent, more than the FY '06 funding level, and \$206 million more than the President's budget request, which includes a \$65 million cut for SAMHSA programs.

Despite the release of last year's federal "Action Agenda" to ensure that people with mental illness have every opportunity for recovery, the President's FY '07 budget proposes to cut mental health services by \$35 million, or four percent, following a cut in FY '06 of \$17 million. This means that the charge from the President's New Freedom Commission on Mental Health for transforming the mental health system cannot occur if SAMHSA funding continually erodes. The need to make mental health a national priority is nowhere better illustrated than in the shocking rates of suicide and suicide attempts in the U.S. despite the Commission's finding that suicides are "a largely preventable public health problem." Further, the Department of Health and Human Services estimates that as many as 500,000 Katrina survivors may need mental health services. A proposed FY '07 mental health budget that is less than it was in FY '03 does not allow SAMHSA to meet existing needs let alone those raised in the aftermath of hurricane Katrina and other disasters.

Here are some effects of a federal mental health services budget that is less than in FY '03:

- Fewer calls to the SAMHSA suicide hotline – which have doubled in the aftermath of Katrina -- will be answered;
- More young people, estimated to be 2,000 on any given day, will remain incarcerated simply because community mental health services are not available;
- The mental health treatment gap, already several times worse than the health treatment gap, will widen: nine percent of adolescents and eight percent of adults experience a major depressive episode annually, but most go untreated.

The Coalition is disappointed that the President's FY '07 budget proposes cuts in funding for substance abuse programs by \$36 million and recommends a \$50 million increase for the Substance Abuse Treatment and Prevention Block Grant and a \$23 million increase for discretionary programs with \$25 million targeted for traditional grants for methamphetamine treatment. Substance abuse is a significant and very costly national problem involving an estimated 21.6 million Americans – over 9 percent of the population – and needs investment in both treatment and prevention. Currently only 18 percent of all Americans over the age of 12 who need treatment receive it. Emerging trends also need specific attention: returning veterans with mental health and substance abuse problems that are not eligible for VA services, or will not use them due to stigma; and growing methamphetamine addiction. Clearly, a stronger investment for this problem which is estimated to cost the nation \$346 billion, is needed.

The Coalition appreciates this opportunity to provide its FY '07 recommendations and looks forward to working with the Subcommittee in the coming weeks and months.