

# SENATE FINANCE COMMITTEE DISCUSSES FY 2023 HHS BUDGET PRIORITIES

## EXECUTIVE SUMMARY

Yesterday, the Senate Finance Committee held a [hearing](#) to discuss President Biden's fiscal year (FY) 2023 U.S. Department of Health and Human Services (HHS) Budget with Secretary Becerra. During the hearing, the Secretary fielded a number of questions that pertained to the president's budget, as well as other health policy-related topics, including: (1) behavioral health; (2) COVID-19 response and the expiration of the public health emergency (PHE); (3) Affordable Care Act ([ACA](#)); (4) prescription drugs; (5) transparency; (6) immigration; and (7) other budgetary proposals.

Throughout the hearing, Senators expressed bipartisan support for investments in behavioral health services and the permanence of telehealth flexibilities, including audio-only services. Secretary Becerra was open to continued discussion with the Members on budgetary priorities and concerns to ensure the appropriation of necessary and crucial investments for improved and expanded access to health care services and coverage. Meanwhile, partisan tensions were on full display over the Biden administration's recent decision to end the Title 42 public health directive at the U.S.-Mexico border.

## OPENING STATEMENTS

**Chair Ron Wyden (D-OR)** ([statement](#)) began the discussion by addressing the importance and necessity to make permanent telehealth flexibilities within Medicare. He advocated for audio-only flexibilities to be extended permanently and touted the bipartisan support for this issue. He argued against Republican efforts to repeal the ACA. Chair Wyden also provided an overview prescription drug pricing proposals he supports, including: (1) establishing authority for Medicare negotiation; (2) capping copays for insulin; and (3) enforcing price gouging penalties. The Chair also touted the bipartisan work to respond to the mental health crisis, noting that lawmakers are hoping to craft a legislative package of mental health bills that can clear prior to the end of the 117<sup>th</sup> Congress.

**Ranking Member Mike Crapo (R-ID)** ([statement](#)) he highlighted the "Cancer Moonshot Initiative" to boost the cancer survival rate, while driving down costs and advocated for his bill, the Medicare Multi-Cancer Early Detection Screening Coverage Act of 2021 ([S. 1873](#)), which would ensure Medicare coverage for cancer screening tools. He outlined other aspects of the budget request that he did not support such as the lack of proposals to shore up the Medicare Trust Fund's solvency, as well as no new "meaningful" cost-saving reforms for the Medicare and Medicaid programs. He also voiced his concern with the package's "price controls" which, he argued, would reduce health care

innovation. Lastly, Ranking Member Crapo asked for greater transparency for telehealth flexibilities and insurance coverage mandates tied to the PHE to better prepare for the future.

## WITNESS TESTIMONY

**Secretary Xavier Becerra** ([testimony](#)) spoke on the successes of the administration's COVID-19 response as well as efforts to expand access to "affordable" health care. He endorsed the recent announcement that Medicare will cover over-the-counter (OTC) COVID-19 tests for beneficiaries, as well as the administration's proposed fix to the ACA's 'family glitch' ([TRP analysis](#)). He praised Operation Allies Welcome, which resettled thousands of Afghan refugees, and the \$300 million in support for [988 Suicide and Crisis Lifeline](#). Additionally, the Secretary spoke on the need to close holes in public health system for areas such as maternal health, through extended Medicaid coverage for postpartum care from 2 months to 12 months. Secretary Becerra also advocated for the \$82 billion included in the budget for preparedness efforts to continue to respond to the COVID-19 public health emergency (PHE).

## DISCUSSION

### Behavioral Health

- Chair Wyden asked about the administration's agenda to enforce mental health parity laws for large private insurance companies. Secretary Becerra said the president has directed HHS to: (1) provide states with more funds to enforce parity laws; (2) support states that are implementing strict parity laws; (3) eliminate 190-day lifetime limit on psychiatric hospital services under Medicare; and (4) invest \$3 billion in behavioral health services.
- Sen. Crapo questioned where HHS will find the savings needed to finance and account for increased mental health funding, as well as additional administration priorities to expand coverage under Medicare. Secretary Becerra affirmed that the administration would work with Congress ensure financial stability.
- **Sen. Debbie Stabenow (D-MI)** addressed the importance of community mental health and addiction services. Secretary Becerra explained that HHS has committed \$52 billion over the next ten years to "transform" mental health programs for all those who need it, including behavioral health programs for children and the 988 lifeline. He also stated that HHS supports bolstering the behavioral health community workforce, pointing to proposals in the budget request that seek to address this.
- **Sen. Bill Cassidy (R-LA)** condemned the Recovery After an Initial Schizophrenia Episode (RAISE) Project's effectiveness and reach in his state. He asked Secretary Becerra to how HHS will prioritize this project to increase access to coordinated specialty care. Secretary Becerra noted that HHS is implementing more requirements for states to implement this project. He also acknowledged that coordination efforts have been "disjointed"
- **Sen. Catherine Cortez Masto (D-NV)** inquired about the available services once someone calls the 988 lifeline. Secretary Becerra explained that the mental health services hotline is a "patchwork," but the new lifeline integrates the entire system and provides call backup centers so people are not waiting for help.

- Sen. Cortez Masto asked the Secretary to explain provisions within the budget to expand health coverage for community health workers. Secretary Becerra answered that HHS is investing more than \$200 million in community behavioral health clinics and in states to provide more compensation for people going into this workforce.
- **Sen. Tom Carper (D-DE)** inquired about providing schools with behavioral health resources. Secretary Becerra assured him that the administration is ensuring children receive this care in school.
- **Sen. Rob Portman (R-OH)** advocated for his bill, the Telehealth Response for E-prescribing Addiction Therapy Services (TREATS) Act ([S. 340](#)), which would permanently allow telehealth services for substance-use disorders and mental health disorders to be provided through audio-only technology. He also pushed for the administration to provide drug enforcement departments with technical assistance, as well as provide medication-assisted treatment (MAT) to those with substance use disorder (SUD).
- **Sen. Maggie Hassan (D-NH)** supported the use of MAT to combat opioid use disorders. Secretary Becerra pointed out that HHS is working with its interagency partners in the Drug Enforcement Agency (DEA) and Department of Justice (DOJ) improve access to MATs and give providers the flexibility to use MATs permanently.

#### COVID-19

- **Sen. Ben Cardin (D-MD)** underscored Chair Wyden’s testimony on the importance of expanding telehealth flexibilities after the pandemic.
- Sen. Cardin asked about the timeline for the PHE’s expiration, as well as guidance for transitioning out of the PHE. Secretary Becerra informed him that HHS has committed to giving 60-day notice to providers before PHE expiration. He also estimated that the PHE would be over “relatively soon” but requested more funding from Congress to continue COVID-19 response efforts.
- **Sen. John Barrasso (R-WY)** advocated for the extension of emergency waivers so that providers and patients do not lose flexibilities they were granted throughout the pandemic. Secretary Becerra said he will work with Congress to provide detailed information on the waivers.
- Sen. Barrasso questioned if HHS will commit to helping programs adjust to changes to Medicare, Medicaid, and CHIP when the PHE ends. Sen. Becerra answered in the affirmative but noted that Congress could help by informing states that HHS is trying to communicate strategies and guidance, including the Medicaid unwinding period for enrollee renewals.
- Sen. Barrasso raised concerns that the president’s budget does not contain closure prevention and adjustment strategies for the rural health care delivery system. Secretary Becerra said that the budget includes \$374 million to improve access, quality, and the coordination of care in rural settings, along with provisions to shore up the workforce.
- In response to a series of questions from **Sen. John Thune (R-SD)** on the decision for children to wear masks in the Head Start program, Secretary Becerra responded that the decision was made through science-based approaches.
- **Sen. Bob Menendez (D-NJ)** expressed his disappointment that there is no money in the budget for international COVID-19 assistance. Chair Wyden praised his comments and noted

that communities in the United States are affected by global health practices due to increased modern communication and transportation around the world.

- **Sen. Sheldon Whitehouse (D-RI)** questioned HHS' strategies to shore up the nursing and health care workforce. Secretary Becerra asserted that the administration would provide hospitals with reimbursement related to COVID-19 but needs authorities and resources to help more providers.

#### Affordable Care Act

- **Sen. Chuck Grassley (R-IA)** addressed the impending insolvency of Medicare's Hospital Insurance Trust Fund. Secretary Becerra said that HHS is dedicated to working to cut the costs, rather than the benefits, as the Department reforms the system.
- Sen. Cardin underscored the importance to address health care equity and the systemic challenges to equal access. Secretary Becerra agreed that health equity is critical and explained that HHS quadrupled the number of navigators to expand ACA coverage to underserved populations.
- Sen. Cardin spoke to the importance of expanding and increasing access to dental coverage. Secretary Becerra agreed with the senator's sentiments, claiming that the ACA could expand coverage for "pennies on the dollar."
- Ranking Member Crapo addressed the financial status of the Medicare Hospital Insurance Trust Fund, questioning the Secretary on the solvency of this fund. Secretary Becerra said that the program will be out of money in 2026 and that he is waiting for this year's Trust Fund report to be published.
- Ranking Member Crapo inquired about the lack of Medicare savings proposals in the budget to address the program's potential insolvency. Secretary Becerra responded that the administration has proposals to increase incentives for physicians participate in value-based payment programs, as well as other Medicare reforms.
- **Sen. Michael Bennet (D-CO)** expressed the importance of enhanced premium tax credits (PTCs) for individual market coverage under the ACA. Secretary Becerra responded that without the PTCs, beneficiaries will not be able to afford coverage if they are just above the eligibility threshold for Medicaid or Medicare.
- Sen. Cassidy asked about the Centers for Medicare and Medicaid Services' (CMS) efforts to standardize and analyze state-by-state mortality rates. Secretary Becerra underscored the importance of having accurate data from states to make decisions. The Secretary claimed that the administration needs the tools to attain this data from states to improve postpartum care data.
- Sen. Carper prompted the Secretary to elaborate on how president's budget request continues to bolster the health insurance marketplace. Secretary Becerra said that HHS is working to ensure people get enrolled in ACA, citing efforts to expand access to behavioral health services.
- **Sen. Mark Warner (D-VA)** advocated for his bill, the Save Rural Hospitals Act ([S. 999](#)), which would establish an area wage adjustment floor for Medicare hospital payments in states that are not frontier states and excludes such adjustments from certain budget neutrality rules.

Secretary Becerra said that the administration has the authorities to establish this floor, however this legislation would better protect against potential litigation.

### Prescription Drugs

- Sen. Grassley questioned if the administration is preparing any executive action on lowering drug prices. Secretary Becerra said that the administration will use any authority it has to lower prescription drug prices, but noted his preference that Congress work to pass legislation and lower prices.
- Sen. Cardin stated that there are several prescription drugs in a “persistent” supply shortage. He inquired about HHS’s work to eliminate these shortages for consumers. Secretary Becerra said that this will have the Department’s attention as it works to strengthen the supply chain and take action toward pharmaceutical companies who do not manufacture enough drugs due to economic drawbacks.
- **Sen. James Lankford (R-OK)** addressed his concerns with small labs being denied FDA approval for emergency use authorizations (EUAs) for vaccines and drugs. Secretary Becerra explained that the administration is currently prioritizing manufacturers who can produce vaccines in large volumes “efficiently.”
- Chair Wyden and Sen. Lankford raised concerns about pharmacy benefit managers (PBMs) and direct or indirect reimbursement (DIR) fees. Secretary Becerra told him to stay in touch with CMS Administrator Chiquita Brooks LaSure as the agency is working to move quickly on this issue.
- Sen. Hassan was supportive of Medicare prescription drug negotiation to cut drug prices. Secretary Becerra agreed that being able to negotiate the price of drugs to lower prices for patients is important and explained that Congress must pass legislation to do this.

### Other Issues

- Sen. Grassley questioned Secretary Becerra about the timeline for the final rule that would establish an OTC hearing aid category in accordance with his bill, the Over-the-Counter Hearing Aid Act of 2017 ([S. 670](#)). Secretary Becerra answered that the regulations would be released “very soon,” but declined to provide a specific date.
- Sen. Menendez addressed the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program, which supports pregnant women and parents with young children who live in communities that face greater risks and barriers to achieving positive maternal and child health outcomes. He noted that the last MIECHV reauthorization did not receive a funding increase, and that more than three percent of high priority families were served through home visits before the pandemic. Secretary Becerra committed to working on this.
- Sen. Warner inquired about how HHS plans to improve cybersecurity efforts in health care. Secretary Becerra claimed that HHS is creating incentives to push everyone in the private sector toward risk-based decision making.
- **Sen. Sherrod Brown (D-OH)** asked about the funding levels for the Children’s Hospitals Graduate Medical Education Payment (CHGME) program. Secretary Becerra explained that the FY 2023 budgetary figure for this was based on what the administration thought would be provided by the last continuing resolution (CR).

- Sen. Brown inquired about an update on funding for the National Institute for Occupational Safety and Health (NIOSH) to bolster occupational safety facilities. Secretary Becerra stated that the Occupational Safety and Health Administration (OSHA) would not be able to support occupational safety facilities if NIOSH does not exist.
- **Sen. Bob Casey (D-PA)** pushed for more investments in long-term home- and community-based services (HCBS) for seniors and people with disabilities. He asked how increases in funding for nursing home quality and oversight could be beneficial to better protect residents within nursing home facilities. Secretary Becerra claimed that several facilities are working to improve their oversight, and that the administration is requesting a 20 percent increase in funding to help those facilities.
- Sen. Casey inquired about support for children who have lost a parent due to COVID-19. Secretary Becerra said that the administration must provide services that make it possible for a child to receive at-home quality services and better foster care.
- In response to a series of questions from **Sen. Elizabeth Warren (D-MA)** about investments in “affordable” childcare to aid working families, Secretary Becerra agreed that increased funding is necessary to protect the economy and families.