

HHS SECRETARY BECERRA TESTIFIES ON HHS FY 2024 BUDGET BEFORE HOUSE E&C HEALTH SUBCOMMITTEE

EXECUTIVE SUMMARY

On March 29, the House Energy and Commerce Committee Subcommittee on Health held a [hearing](#) to review the Department of Health and Human Services' (HHS) fiscal year (FY) 2024 [budget](#) request, featuring testimony from HHS Secretary Xavier Becerra. While Members questioned Secretary Becerra on a myriad of items laid out in the budget, discussion centered around the health care workforce shortage, drug pricing and innovation, and Medicare solvency.

Democrats largely focused conversations around improving the workforce shortage and pointed their questions to the impact of budget cuts on health care access. Meanwhile, Republicans spoke on drug pricing and Medicare solvency. Specifically, Republicans expressed concerns that the Inflation Reduction Act (IRA) price negotiations would stifle innovation and ultimately raise drug prices. Additionally, several Republican members touted their frustrations at the lack of direct funding to reduce fentanyl-related overdoses and deaths. Secretary Becerra stated that despite doubts, the proposed budget will ultimately reduce overall health care costs and improve health care equity.

OPENING STATEMENTS

Subcommittee Chair Brett Guthrie (R-KY) ([statement](#)) commented on the high levels of spending included in the budget, specifically criticizing increased funding to the Centers for Disease Control and Prevention (CDC). Chair Guthrie was concerned that the budget guidelines regarding Medicare solvency would increase taxes and ultimately raise drug prices. He additionally condemned the budget for not addressing fentanyl-related overdoses and deaths, providing inadequate funding for Alzheimer's treatments, and failing to address hospital price transparency.

Subcommittee Ranking Member Anna Eshoo (D-CA) applauded the budget for increasing health care access and affordability. She also pointed out that overdose deaths are decreasing because of increased access to treatment, which is built upon in the budget through funding for reducing illicit drugs and improving behavioral health crisis care. Ranking Member Eshoo additionally commended the budget for its inclusion of enhanced premium tax credits, a marketplace insulin cap, and Medicare solvency — all of which would increase health care affordability. She worried, however, that Republican proposals to cut the budget would dramatically reduce access to care.

Full Committee Chair Cathy McMorris Rodgers (R-WA) ([statement](#)) condemned the budget for not doing enough to address fentanyl-related overdoses and deaths or implementing hospital price

transparency policies. Chair McMorris Rodgers further criticized the budget for increasing funding for agencies including the CDC and the National Institutes for Health (NIH), which she asserted should not receive increased funding until the agencies “regain public trust.”

Full Committee Ranking Member Frank Pallone (D-NJ) applauded a myriad of items laid out in the budget, including home and community-based services (HCBS) expansion, Medicaid post-partum care, enhanced public health programs, and health care workforce enhancements. Additionally, he echoed Ranking Member Eshoo’s concerns that Republican-proposed cuts would hinder health equity and the overall health care system.

Rep. Michael Burgess (R-TX) expressed that physician reimbursement cuts will exacerbate workforce shortages under maximum fair price provisions in the IRA, highlighting that the budget reflects policies that would worsen the health care workforce shortage and negatively impact the health care system at-large.

Rep. Raul Ruiz (D-CA) criticized the previous administration’s handling of the COVID-19 pandemic but felt that, through the proposed budget, the current administration will improve public health preparedness by allocating critical funding to future pandemic preparedness and increasing overall health equity.

WITNESS TESTIMONY

HHS Secretary Xavier Becerra ([testimony](#)) explained that the focus of this year’s HHS budget is centered on behavioral health and preventing future public health threats. He remarked that the administration is shifting its health care focus from being treatment-oriented to improving overall public wellness through funding for food-as-medicine programs, at-home health services, early health care prevention, child care services, and Certified Community Behavioral Health Clinics (CCBHC).

DISCUSSION AND QUESTIONS

Health Care Workforce & Physician Payments

- **Rep. John Sarbanes (D-MD)** remarked on how the workforce shortage is exacerbating mental health problems. Secretary Becerra explained that HHS is working on collecting data through the National Center on Workforce Analysis to find out where shortages are occurring to inform policy solutions.
- Rep Sarbanes wondered if HHS had explored a broad national health care workforce strategy that would allow physicians to easily move between hospitals and clinics where they are needed. Secretary Becerra explained that the Health Resources and Resource Administration (HRSA) and the Substance Abuse and Mental Health Services Administration (SAMHSA) are working with states to explore those types of workforce solutions.
- **Reps. Raul Ruiz (D-CA)** and **Kim Schrier (D-WA)** stated that Medicare physician payments should be based on inflation, and Rep. Ruiz mentioned that he is introducing legislation which

would enforce that policy. Secretary Becerra agreed that the workforce is strained, but he explained that HHS cannot align physician payments rates with inflation because of budget neutrality constraints.

- **Rep. Ann Kuster (D-NH)** praised funding for workforce programs and telehealth expansion and wondered how telehealth can expand healthcare access in rural communities. Secretary Becerra explained that telehealth is vital in ensuring health care access because of the flexibility it provides.
- Regarding graduate medical education (GME), Secretary Becerra told Rep. Schrier that where physicians train typically indicates where they will practice. As a result, he explained that HHS is trying to encourage physicians to train in rural areas through loan repayments and other incentive programs.
- **Rep. Lisa Blunt Rochester (D-DE)** specifically emphasized the nursing workforce shortage and asked Becerra to explain what HHS is doing to mitigate the shortage. Secretary Becerra answered that HHS is working to increase GME funding and offer physician loan repayments to address workforce shortages.
- Responding to Rep. Blunt Rochester's worries on data collection regarding the nursing workforce shortage, Secretary Becerra said that funding and additional resources are being directed to HRSA for data analysis to determine where workforce resources are needed.
- **Rep. Annie Craig (D-MN)** commended funding for behavioral health providers, noting how those funds will particularly help the workforce shortage in rural areas.

Drug Pricing & Innovation

- Chair Guthrie asked Secretary Becerra if he was worried that price negotiations under the IRA drug pricing provisions would lead to less pharmaceutical innovation, and Secretary Becerra asserted that the IRA drug price negotiations will lead to more competition and cheaper prices.
- Ranking Member Pallone applauded the drug pricing provisions and the \$35 monthly insulin cap included in the IRA before asking Becerra to explain the positive impacts that drug price negotiations will have for Medicare and Medicaid beneficiaries. Secretary Becerra stated that negotiations will lower drug costs and make treatments more accessible for beneficiaries.
- **Rep. Buddy Carter (R-GA)** asked Secretary Becerra what HHS is doing to halt Pharmacy Benefit Manager (PBM) vertical integrations and hospital consolidations. Secretary Becerra remarked that HHS does not have the authority to specifically address those issues, but he assured the Congressman that promoting fair prices will level marketplace competition.
- Rep. Carter referred to research suggesting that the Cancer Moonshot initiative would result in less innovation for cancer treatments, but Secretary Becerra disagreed with those findings.
- Secretary Becerra assured **Rep. Neal Dunn (R-FL)** that IRA drug price negotiations will not negatively impact drug innovation for small molecule drugs.
- **Rep. John Joyce (R-PA)** claimed that the IRA counters the [Orphan Drug Act](#) by discouraging innovation for rare disease treatments. Secretary Becerra contended that the IRA does not impede innovation and only ensures that manufacturers make drugs affordable.

- Rep. Diana Harshbarger (**R-TN**) asked if there is anything in the budget that addresses PBM reforms. Secretary Becerra explained that, while PBM reform is not specifically in the budget, HHS is willing to support reforms that would include price transparency policies.
- Secretary Becerra told **Vice Chair Larry Bucshon (R-IN)** that 340B program participants should be accountable for how they use savings from the program, and he agreed that there should be more pricing transparency within the 340B program.

Medicare Solvency

- Regarding trends in MA risk adjustment rates, Chair McMorris Rodgers asked Secretary Becerra to explain his stance on Medicare cuts. Secretary Becerra refrained from directly answering but responded that insurance companies will receive more money in FY 2024 than in FY 2023 and will not receive funding cuts.
- In response to Chair McMorris Rodgers, Secretary Becerra said that site neutral payments would not be considered as cuts to Medicare.
- Secretary Becerra told Rep. Ruiz that Medicare cuts would be devastating for seniors, which is why the current budget proposal includes a plan for solvency. He additionally explained that the budget includes funding for insulin, vaccines, and price negotiations which will in turn increase affordability.
- In response to **Rep. Diana Harshbarger's (R-TN)** question on the cost of Medicare solvency, Secretary Becerra asserted that though it may not be immediately clear, Medicare solvency will yield long-term savings and reduce costs.

Price Transparency

- Referring the Committee's [hearing](#) on March 28 on price transparency ([summary](#)), Ranking Member Eshoo asked Secretary Becerra on how much Medicare audits would cost. Secretary Becerra answered that the cost of the audits will ultimately be mitigated by the estimated amount of recovered overpayments.
- Secretary Becerra assured Chair McMorris Rodgers that HHS is prioritizing price transparency, and the department is already engaged in policy solutions.

Fentanyl

- Secretary Becerra told Chair Guthrie that he concurred with the Drug Enforcement Agency's (DEA) decision to permanently schedule fentanyl as a Schedule I narcotic, but he added that there should be a comprehensive approach to reducing fentanyl deaths and overdoses.
- Secretary Becerra agreed with **Rep. Bob Latta (R-OH)** that fentanyl should be permanently scheduled, but Becerra explained a comprehensive approach is still needed to address overdoses and deaths.
- Rep. Latta pressed Secretary Becerra on how HHS is educating people on the dangers of fentanyl in counterfeit drugs to which Secretary Becerra said that SAMSHA is working to provide funding for education programs.
- Responding to **Rep. Gus Bilirakis (R-FL)** criticism of the lack of fentanyl mentions in the budget, Secretary Becerra responded that the budget specifically allocates money to treating drug overdoses and deaths, which includes fentanyl.

Behavioral Health

- **Rep. Tony Cardenas (D-CA)** applauded funding for the 9-8-8 crisis lifeline and additional crisis services laid out in the budget and wondered what HHS is doing to expand those programs through funding. Secretary Becerra explained that 9-8-8 is operated by states but increased federal funding will go towards facility expansion and increasing outreach to LGBTQ+ and Spanish speaking communities.
- Secretary Becerra explained to Rep. Blunt Rochester that increased funding directed to community health centers (CHC) has been central in expanding access to behavioral health services.
- **Rep. Annie Craig (D-MN)** commended funding for behavioral health providers, noting how those funds will particularly help the workforce shortage in rural areas.

Medicaid

- In response to Rep. Ann Kuster's (D-NH) concerns about how potential Medicaid cuts would affect individuals with disabilities, Secretary Becerra confirmed that those individuals would lose critical access to care.
- Regarding Medicaid unwinding, **Rep. Nannette Barragan (D-CA)** asked about what oversight HHS is conducting to ensure that eligible beneficiaries will not experience a lapse in coverage. Secretary Becerra explained that he is continuously communicating with state governors on updates to beneficiary eligibility as coverage begins to wind down.

Other Topics

- Ranking member Eshoo remarked on proposed GOP cuts to discretionary spending and inquired about how those cuts would affect grants, and Secretary Becerra responded that the NIH would likely lose roughly 5,000 research grants.
- Ranking Member Eshoo and **Rep. Michael Burgess (R-TX)** applauded funding for the Advanced Research Projects Agency for Health (ARPA-H).
- Rep. Burgess criticized the HHS processing backlog for independent dispute resolutions (IDR) within the [No Surprises Act](#) (NSA).
- In response to Chair McMorris Rodgers, Secretary Becerra explained that the Quality Adjusted Life Year (QALY) and the Equal Value of Life Years (evLYG) Gained measures are banned from use when determining Medicare and Medicaid drug prices.
- Secretary Becerra told **Rep. Morgan Griffith (R-VA)** he would be willing to testify in a future hearing regarding the Office of Refugee Resettlement and the Unaccompanied Refugee Minor Program.
- Secretary Becerra explained to Rep. Griffith that HHS is continuing to work with the Chinese government to gain data on the origins of the COVID-19 virus.
- Becerra told **Rep. Bill Johnson (R-OH)** that following the recent train derailment in East Palestine, OH, the CDC went door to door collecting data from community members in addition to providing an emergency grant to the local CHC.

- Rep. Kuster touted her plans to reintroduce the [Humane Correctional Health Care Act](#), which would provide Medicaid coverage for behavioral health services for previously incarcerated individuals.
- **Reps. Mariannette Miller-Meeks (R-IA)**, Joyce, Barragan, and Bilirakis condemned the recent Centers for Medicare and Medicaid (CMS) decision to not cover an Alzheimer drug that was approved by the FDA. Secretary Becerra explained to the Members that the statute guides drug approvals for the FDA and CMS differently. He noted that once the drug is approved through CMS standards, it will be covered for Medicare and Medicaid beneficiaries.
- Secretary Becerra explained to **Rep. Richard Hudson (R-NC)** that HHS is delayed in enforcing e-cigarette legislation due to ongoing litigation.
- On promoting domestic drug manufacturing, Secretary Becerra told Rep. Dunn that HHS is directing investments into strengthening domestic supply chains and incentivizing manufacturers to increase production in the U.S.
- Secretary Becerra agreed with **Rep. Lori Trahan (D-MA)** that without continued investments, the public will be vulnerable to future public health threats. He additionally confirmed that HHS will provide resources for the Bio Preparedness Workforce Pilot Program.