APPROPRIATIONS COMMITTEE DEMOCRATS

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THE "HEALTH WEEK" SHAM

And the Labor-HHS-Education Bill's Healthcare Cuts

The Republican Leadership had declared this "Health Week" in the House of Representatives. However, it's unlikely that they planned to trumpet the fact that the number of uninsured Americans increased by nearly 6 million since 2000 or that health insurance premiums rose 13.9 percent last year – the third year in a row of double digit increases.

What did the House consider during "Health Week"? A resolution celebrating the Food and Drug Administration's 100th anniversary, a bill that expresses support for childhood cancer research but doesn't fund it, and routine extensions of a couple of popular health programs.

While Republicans put these minor bills on center stage they are hiding a significant blow to healthcare behind the curtain – the Labor-Health and Human Services-Education bill. This bill would reveal the fact that, over the past several years, Republicans have retreated from investments that improve healthcare access even as the number of uninsured Americans hit a record high of 46 million. Here are a few facts to remember about the Labor-HHS-Education bill in the wake of "Health Week."

Funding to improve healthcare access cut $32 million compared to two years ago.

The Republican Labor-HHS-Education bill would cut overall funding for the Health Resources and Services Administration (HRSA) by $32 million compared to just two years ago.[1] HRSA funds grants that help finance healthcare for those lacking access, as well as other efforts to help bring doctors and nurses to underserved communities and to address the unique challenges of healthcare access in rural America. When you consider rising costs and populations growth these programs will have lost 8 percent of their purchasing power in two years and 11 percent under three years.[2]

Healthcare services for pregnant women and children cut by $31.3 million.

The Maternal and Child Health (MCH) Block Grant has been cut by $31.3 million compared to five years ago. These grants have lost 24 percent of their purchasing power since FY 2002. States use the MCH Block Grant for a variety of needs, including providing prenatal and child health services for people lacking other sources of care, financing dental care for uninsured children, and supporting screening of newborn babies for genetic disorders. A very important need involves children with disabilities and other special health needs where block grant funds often support services not covered by families' insurance.

Minority healthcare training programs to help reduce health disparities cut in half.

HRSA offers a group of programs that help increase the number of minorities and people from disadvantaged backgrounds attending medical, dental and other health professions schools, based on the observation that these are the students most likely to practice in minority and underserved communities after they graduate. Last year's appropriations bill cut efforts to increase the number of minority healthcare providers by 46 percent – from $118 million in FY 2005 to $64 million in FY 2006. This year's bill further reduces the total to $59 million and terminates two programs entirely.

Cuts financial aid for future healthcare providers who will practice in underserved areas.

The National Health Service Corps offers scholarships and loan repayment assistance for health professions students and graduates who agree to practice in underserved areas. While the bill provides a small increase for the Corps, funding will be no higher than two years earlier despite the fact that medical education costs keeps rising. As a result, the number of doctors, dentists and other practitioners serving in the Corps appears likely to decrease by at least 15 percent between FY 2005 and FY 2007.[3]

Cuts training for primary care medicine and dentistry.

The bill leaves in place last year's cuts to training support for primary care specialties like family medicine, which are the backbone of healthcare in rural and urban underserved areas. As a result, these grants are 54 percent lower than two years ago – from $89 million to $41 million. Graduates of programs receiving these grants are two to four times more likely than the national average to go into practice in medically underserved communities.[4]

Cuts nursing education compared to two years ago despite looming nursing shortage.

According to a 2005 survey, 109,000 nurses were needed immediately to fill vacancies in our nation's hospitals. However, the House bill provides $1 million *less* for the "title VIII" nurse education and training programs compared to 2005. While the cut is small, the need for this aid is not. Last year, the scholarship program for nursing students had funds to aid only about 6 percent of those who applied and nursing student loan repayment programs made awards to only about 13 percent of applicants.

Health professions cuts hampering recruitment of Health Centers medical staff.

A study in the March 1 *Journal of the American Medical Association* found that the average Health Center had 13 percent of its family physician or general practitioner positions vacant in 2004 and 18 percent of its dentist positions vacant. Rural Health Centers had higher proportions of unfilled positions. The *JAMA* study also found that 28 percent of physicians and 33 percent of dentists working in rural Health Centers were participants in the National Health Service Corps or comparable state programs (which generally receive NHSC funding). Similarly, primary care and health professions diversity grants have documented success in encouraging graduates to work in underserved areas. The cuts in these efforts will make it harder for Health Centers to hire the doctors and dentists they need.

Funding for rural health programs is no higher than it was two years ago.

The bill provides a $6 million overall increase for rural healthcare and telemedicine, but that simply offsets the $6 million cut made last year. As a result, rural health programs are slightly below where they were three years ago in nominal dollar terms ($108.0 million for 2007 compared to $111.8 million in 2004).[5] When you take into account rising prices and demand for services, rural health programs will have lost 8 percent of their purchasing power since 2005 and 14 percent since 2004.

Last year's small effort to improve access to dental care has been abandoned.

In 2002, Congress authorized a new program of grants to states to help deal with the serious shortage of dentists in many areas through measures such as grants and low-interest loans to help dentists establish practices in underserved areas and funds to establish or expand community dental clinics. This new authorization was left completely unfunded until last year, when just under $2 million was appropriated (compared to $50 million per year authorized). The FY 2007 House bill provides no funding at all.

Republican "Health Week" cuts back on Health Center expansion.

The bill would increase Health Center funding by $180 million to increase the number of Health Centers and expand services at existing sites, but provides only $25 million for "base grant adjustments" to help cover higher costs for on-going operations—representing an average adjustment of about 1 ½ percent. Health Centers are cost efficient, but they're not immune to exploding healthcare costs and could face a serious cost squeeze.

Even worse, one of the "Health Week" bills that would reauthorize the Health Center grants caps total spending on the program $25 million *lower* than the Committee-passed FY 2007 Labor-HHS bill and allows increases of only about one percent per year over the following four years. This leaves only two choices: 1. Republicans plan no new Health Centers after this year's Labor-HHS bill and will only provide small cost-of-living adjustments; or, 2. Republicans will allow only small future expansions and no cost-of-living adjustments.

Healthy Communities Access Program (HCAP) remains shut down.

This program made grants to local consortia of hospitals, health centers, and other providers to help build better integrated systems of care for uninsured and underinsured Americans. In practice, this meant doing things like putting together networks of specialists willing to treat uninsured patients and other efforts to improve care for those without insurance. HCAP received $125 million in FY 2001, which was gradually reduced to $83 million in FY 2005. The program was abruptly terminated in FY 2006, causing about 70 communities to lose their existing grants, which normally last three years, as well as preventing new grants from being made. The FY 2007 bill leaves the program terminated.

Purchasing power of Ryan White AIDS Care Below Two Years Ago.

The Ryan White program helps support medical and dental care, essential medications, and various supportive services for HIV/AIDS patients lacking other sources of care. The bill provides a welcome $70 million increase, but this bring the program just 2.9 percent above where it was in FY 2005. Overall health care costs have risen an estimated 7.7 percent over that same period, and the number of people living with AIDS has recently been growing by more than 6 percent per year.

Mental health block grant has been cut considerably over the past five years.

The Community Mental Health Services Block Grant, which is a basic source of support for treatment for people with serious mental illness, is at its lowest level since FY 2001 in actual dollar terms. Over the past five years the block grant has lost 16 percent of its purchasing power, after adjustment for general inflation and population growth.

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[1] These figures exclude Member project earmarks done in the HRSA budget, in order to reduce distortions resulting from the volatility of this amount, which went from $483 million in FY 2005 to zero in FY 2006 and $248 million in the FY 2007 House bill (which is not comparable to FY 2005 because it does not include Senate earmarks). If total spending including Member project earmarks was used instead in these comparisons the cuts in HRSA would be larger, with FY 2007 appropriations representing a $267 million reduction below FY 2005.

[2] Since the HRSA budget is used largely but not entirely for medical care services, these inflation adjustments were made using a 60/40 combination of two price indexes: the medical care price index estimated by the Office of the Actuary at the HHS Centers for Medicare and Medicaid Services (CMS) and the general GDP price index (using CBO estimates for 2006 and 2007). The same approach was used for the rural health programs cited later in this paper, while inflation adjustments for the Maternal and Child Health Block Grant were done using the CMS index.

[3] According to the table on page 119 of the FY 2007 HRSA budget justifications submitted to the Appropriations Committees, NHSC field strength peaked at 4,292 clinicians in 2005 and is projected to decline to 4,147 in FY 2006 and 3,471 in FY 2007 under the President's budget, a decrease of 19 percent in two years. The House appropriations bill provides 4.8 percent more than the President's budget for new scholarships and loan repayments. If that increase produces a proportional increase in the number of people serving in the Corps under loan repayment arrangements (which is probably an over-estimate), the two-year decrease in Corps field strength would be 16 percent.

[4] These estimates come from the Advisory Committee on Training in Primary Care Medicine and Dentistry's Fourth Annual Report to the Secretary of HHS and to Congress, "Preparing Primary Healthcare Providers to Meet America's Future Healthcare Needs: The Critical Role of title VII, section 747", November 2004, page 3.

[5] The programs counted towards this total include Rural Health Outreach, Rural Health Research, State Offices of Rural Health, Rural Hospital Flexibility (including small hospital improvement grants), Rural and Community Access to Emergency Devices, Rural EMS Training (terminated in FY 2006), and Telehealth. The total given does not include special grant programs targeted to Alaska and the Mississippi Delta (neither of which receives funding in the FY 2007 House bill). Within the overall rural health total, there has been some rearrangement between FY 2005 and FY 2007, with telehealth programs growing and programs oriented to emergency medical care shrinking.