The Heritage Foundation Committee Brief

The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002-4999 (202) 546-4400

A Special Report to the Appropriations Committees

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ACHIEVING FISCAL RESPONSIBILITY WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

John C. Liu[1]
Policy Analyst

Political scientist James L. Payne, author of *The Culture of Spending*, found in his study of a typical appropriations cycle in the late 1980s that a total of 1,014 witnesses appearing before the House and Senate Appropriations Committees favored more spending for their favorite government programs while only 7 supported spending cuts. That is a ratio of 145:1 in favor of more spending during that period. Payne concluded that "ordinary Americans" who overwhelmingly support smaller government "rarely come to Washington to ask for government spending programs." Mr. Chairman, clearly I am not here today to recommend new or additional spending in the Department of Health and Human Services. In fact, as you will see from my prepared testimony, I believe that the DHHS spends literally billions of dollars each year on wasteful, duplicative, and unsuccessful programs. These programs should be terminated.

On November 8, 1994, the American people sent several messages to the Congress. First, it is clear that a majority of Americans desire a dramatic reduction in the deficit. Second, the American people recognize that this can only be achieved if the federal government balances its budget each year in accomplishing the long overdue goal of fiscal responsibility. Contrary to the rhetoric and misrepresentations by liberal interest groups, Congress can reduce spending dramatically without inflicting harm upon our vulnerable populations. To his credit, even Vice President Gore has recognized the need to streamline the federal bureaucracy, which has exploded since the Johnson Administration. In his attempt to "re-invent" government, the Vice President has outlined several proposals which could eliminate waste, fraud, and duplication in programs within the DHHS.

Mr. Chairman, before I go into the specific rescissions, I would like to preface my testimony with some broad principles which this committee may find of interest and use in the future. Recognizing the fact that this committee does not have the authority to legislate on appropriations bills, an opportunity

1 Substantial portions of this were delivered in testimony to the House Appropriations Subcommittee on Labor, Health and Human Services, Education, January 12, 1995.

still exists to show the American people that you will streamline the agencies within your jurisdiction without jeopardizing the necessary services the public depends on for its well-being.

First, the committee should impose a moratorium on funding for any program where the administering agency has not demonstrated and cannot demonstrate conclusively, that is has succeeded in its mission and purpose statement. In short, a cost-benefit analysis. The heaviest burden should fall upon the oldest programs, and without a doubt they should be held to a higher level of strict scrutiny.

Second, the moratorium should also extend to programs that can be folded into a block grant with streamlined federal regulations and rules. The Appropriations Committee is under no obligation whatsoever to fund programs that have been poorly designed and micromanaged. To this extent, your committee can send a clear and resounding message to the various authorizing committees—that the initial responsibility lies with them, and unless they can guarantee to this committee the efficacy of their programs, no funds will be appropriated.

Third, as this committee reviews the categorical programs within its jurisdiction, a fundamental question should be asked: Could these programs instead be designed and administered more efficiently by a city council, local county board of supervisors, or private community groups? If the answer is yes, then these programs should be eliminated. The Congress is our nation's legislature and, as such, should not be injecting itself into or funding programs that respond to purely local needs and conditions.

The Department of Health and Human Services is the chief example of a federal agency which Congress has allowed to wander off from its original purpose of ensuring the public's health. Instead, this is an agency which has given in to intensive lobbying by special-interest groups through the creation and expansion of specific programs which benefit the public in a minimal way, if at all. Today, the DHHS administers approximately three hundred programs. To be sure, a large part of the blame rests with the authorizing committees in Congress which are responsible for creating these wasteful, duplicative, and inefficient programs.

Mr. Chairman, my testimony will consist of two parts. First, I will highlight the programs that should either be eliminated or have their funding reduced to appropriate levels. Second, while the purpose of this hearing is focused on rescissions for the FY 95 HHS Appropriations, part of my testimony will reflect policy changes that this committee may seek to adopt when considering the FY 96 Appropriations bill for the Department of HHS.

RESCISSIONS

HEALTH RESOURCES AND SERVICES ADMINISTRATION
Health Resources And Services

✂ National Health Service Corps: Field Placements and Recruitment

Combined, these two programs have been appropriated $125,148,000 for FY 95. That is $1,178,000 over the comparable FY 94 appropriations. The primary goal of the National Health Service Corps (NHSC) has been to provide incentives to health care professionals to work in underserved rural and urban areas. The NHSC attempts to alleviate the shortage of health care professionals by recruiting physicians and other health care professionals to provide primary care services in what are designated as Health Professional Shortage Areas (HPSAs). There are three principal recruitment mechanisms: the scholarship program, the loan repayment program, and the volunteer program. Despite the financial incentives that have been offered by the federal government to attract primary care physicians into these HPSAs, the shortage of physicians in rural and certain urban areas remains high. This problem was highlighted during the debate over national health care reform last year.

What the Congress needs to realize is that like any other profession, physicians and health care providers always take geographic location into consideration when deciding where they will choose to work. Furthermore, it is relatively easy for physicians to take advantage of the program. In at least two articles printed in *The Washington Post*, stories of fraud and abuse detail how the program has failed in its mission. On April 17, 1991, *Washington Post* staff writer Robert F. Howe detailed this problem. U.S. taxpayers sent a Ms. Sheila E. Carroll through four years at Georgetown University Medical Center. In return, Dr. Carroll promised to practice in an underserved area in the country. Upon graduation, Dr. Carroll was assigned to an Indian reservation. Guess what happened? She never went. Instead, she joined a practice in Manassas, Virginia, and on top of that, she filed for bankruptcy asking to be excused from paying back her loans. Mr. Howe writes that Dr. Carroll is "one of more than 500 former medical students who have defaulted on loans made through the National Health Service Corps Scholarship Program" since its inception. On June 4, 1992, another story ran in the *Washington Post* by staff writer Liz Spayd detailing the abuse of this program. A Dr. Susan O'Donoghue borrowed money through the NHSC program for four years of medical education at Georgetown University Medical Center. When O'Donoghue borrowed the money, she agreed to work four years in an underprivileged community. Needless to say, the article goes on to describe how she did not fulfill that obligation. The NHSC has been in existence since 1970. In its 24 years of operation, the NHSC has done little to alleviate the shortage of physicians and health care professionals in rural and urban areas. Unless the authorizing committee, in this case the Commerce Committee, can demonstrate to the Appropriations Committee the effectiveness of the NHSC, this program should be eliminated in its entirety.

✂ Hansen's Disease Services

Congress appropriated $20,881,000 to support the operation of the Gillis W. Long Hansen's Disease Center in Carville, Louisiana. According to the FY 1995 conference report, the center operates as a research and treatment center for persons with Hansen's disease (leprosy). With respect to the research functions performed at the center, it would be more appropriate for the National Institutes of Health to conduct these responsibilities. If practical, treatment should be continued at the center or an alternative health care facility (hospital, clinic, etc.) in the area. This program should be eliminated.

✂ Native Hawaiian Health Care

Congress appropriated $2,976,000 for this program. Established in 1988, this program was created to provide primary care services and disease prevention services. This program is unnecessary for two main reasons. First, Hawaii is the only state in the union that requires employers to provide health insurance for their employers, and it has public programs to provide coverage to residents not insured through the employer mandate. Second, the network of community health centers in Hawaii are more than capable of serving Native Hawaiians who lack private health insurance or do not qualify for Medicaid. Elimination of this program would not adversely affect the Native Hawaiian population.

✂ Health Education Assistance Loans Program

The HEAL program has been appropriated $29,221,000 for FY 95. Designed as a loan guarantee program, HEAL provides federal insurance for student loans approved by private-sector lenders. Students pay an insurance premium to help offset a portion of the federal costs associated with loan defaults. In general, the HEAL program requires the federal treasury to serve as an underwriter/guarantor for such loans. Instead of forcing taxpayers to subsidize the costs of health care professionals, Congress should eliminate the HEAL program. It is unfair and inequitable to force taxpayers to subsidize the medical education of physicians and health care professionals at the expense of students in other important professional fields. In lieu of a taxpayer subsidy, the private sector should be able

to carry out this function effectively and efficiently with no cost to U.S. taxpayers. The federal government could charter an institution much like the Federal National Mortgage Association (Fannie Mae) to underwrite these loans. As a matter of fact, if run properly and efficiently, such an institution could even make money while insuring loans taken out by students pursuing health professions. Elimination of this program is recommended.

NATIONAL INSTITUTES OF HEALTH

✂ Office of the Director

The FY 95 appropriations conference report provides $218,367,000 for the Office of the Director (OD) at the National Institutes of Health. The report recommends that $8.5 million be allocated for the Director's discretionary fund. Within the Office of the Director are programs which duplicate the functions and purpose of existing programs within the Health Resources and Services Administration (HRSA). Specifically, I am referring to the OD's Minority Health Initiative and Office of Research on Minority Health. In comparing these initiatives to HRSA's programs — Centers of Excellence and Faculty Loan Repayment Program—it is apparent from the conference report language that these programs should be streamlined and consolidated. This is what Vice President Gore was referring to when he stressed the need for a leaner federal bureaucracy.

Another suspect office within the OD is the Office of Behavioral and Social Sciences Research (OBSSR). The FY 1995 conference report states that the OBSSR will "[d]evelop an overall plan to evaluate the importance of lifestyle determinants that interact with medicine and contribute to the promotion of good health; foster a comprehensive research program, etc." Physicians routinely advise their patients on the importance of healthy lifestyles such as healthy diets, plenty of exercise, drinking alcoholic beverages only in moderation, the harmful effects of smoking, etc. It is hard to discern a need for the Office of Behavioral and Social Sciences Research. Elimination of this office is recommended.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION
Substance Abuse And Mental Health Services

✂ Clinical Training/AIDS Training

Congress appropriated $5,394,000 for AIDS training activities in FY 95. The conference report states that the program supports grants and contracts for the education of mental health care providers to address the neuropsychiatric and psychosocial aspects of HIV spectrum infection. Trainees include psychiatrists, psychiatric nurses, social workers, psychologists, family and marriage counselors, medical students, primary care residents, clergy, and law enforcement officers. While $5.4 million may not seem like a significant amount of money for this program, I would ask the members of this committee to keep in mind the following facts. This same appropriations bill already provides $16,287,000 for the *Education and Training Centers* within the HRSA program. Furthermore, the bill appropriated $1,337,606,000 for the *Office of AIDS Research* (OAR). When President Clinton signed the NIH Revitalization Act of 1993 in June of 1993, the OAR was required to develop a comprehensive plan for NIH AIDS-related research activities which must be updated annually. This comprehensive plan is required by law to serve as the basis for distribution and disbursement of appropriated research funds to the various institutes, centers, and divisions within the NIH. Combined, these two programs will receive approximately $1.5 billion for FY 95. It is not inconceivable that somewhere in this pool of funding, that somewhere within the mission and purpose of these programs, clinical training/AIDS training activities will occur. In summary, this program should be zeroed out.

✂ Grants to the States for the Homeless (PATH)

The FY 95 appropriations conference report provides $29,462,000 for state grants for the homeless. While it is true that many of the nation's homeless suffer from mental illnesses, the PATH program duplicates an existing program within HRSA, the "Health Care for the Homeless" program. With respect to the Health Care for the Homeless program, the conference report appropriated $65,445,000 for FY 95. According to the conference report's description of the HRSA program, "The program provides project grants for the delivery of primary health care services, substance abuse services, and mental health services to homeless adults and children." The duplicative efforts are very clear in this situation. The PATH program should be eliminated.

✂ AIDS Demonstrations

Congress appropriated $1,487,000 for AIDS demonstration grants in FY 95. The Senate bill did not make a request to fund this particular program. The conference report directs the funds in this program to be used for the counseling of individuals who are informed that they carry HIV and experience psychological stress from this information. Again, the members of this committee should be reminded of the $1.5 billion that has already been designated to AIDS programs. This is independent of the $632,965,000 that has been specifically targeted for the Ryan White AIDS programs which address this issue of counseling and outreach. I respectfully submit that the AIDS Demonstrations program be eliminated.

✂ AIDS Demonstration and Training

Congress appropriated $18,026,000 for the AIDS Demonstration and Training program in FY 95. The program is broken down into three components: Linkage, Training, and Outreach. The underlying goal of this program is to strengthen communications between various health care programs and the training of health care workers in treating AIDS patients. As described in the conference report language, this program falls squarely within the jurisdiction of the Office of AIDS Research. According to the mission statement of the Office of AIDS Research, part of its direction is to improve the dissemination of AIDS-related information to ensure that research findings are rapidly incorporated into treatment guidelines used by health care professionals. Again, the committee will find that efforts are unnecessarily being duplicated within the Department of Health and Human Services.

ASSISTANT SECRETARY FOR HEALTH
Office of the Assistant Secretary for Health

✂ Physical Fitness and Sports

Congress appropriated $1,414,000 to fund the President's Council on Physical Fitness and Sports in FY 95. The purpose of this council is to improve the public's health and physical fitness through sports programs and athletic programs. Despite the good intentions of this program, it is not a necessary or vital function in furthering the public's physical fitness. Our nation's schools, both public and private, make physical education a requirement as part of the educational curriculum. P.E. classes and after-school sports are the foundation of encouraging our nation's youth to pursue physical fitness and athletic programs. Local communities already sponsor exercise classes in neighborhood gyms. YMCAs, YWCAs, Pop Warner football, Little League programs, etc. are all privately run and do not require the federal government to subsidize their programs. Neighborhood fitness centers are constantly advertising in the print, radio, and television media the benefits of getting physically fit. Health insurance companies provide discounts to employers who show documentation that their workforces are taking part in exercise and fitness classes. Elimination of the Physical Fitness and Sports Council is overdue.

ADMINISTRATION FOR CHILDREN AND FAMILIES

✂ Low-Income Home Energy Assistance Program

The Congress appropriated $1,319,204,000 to the Low-Income Energy Assistance Program for FY 95. As the members of the committee are well aware, LIHEAP was designed to assist low-income households in meeting their monthly utility bills during the energy crisis in the early 1980s. An energy crisis no longer exists in the United States. Furthermore, since the enactment of LIHEAP, the private sector, primarily through the energy companies, has stepped up to the plate and provided financial assistance to low-income households in paying their energy bills. For example, the Potomac Electric Power Company (PEPCO) has a "check-off" program which encourages residents in local communities to contribute each month towards a fund that helps pay the bills of lower-income residents. While many Members of Congress favor the elimination of LIHEAP, it does not appear to be a realistic option. Therefore, some of my colleagues at the Heritage Foundation and I believe that the LIHEAP program should be folded into 70 other welfare programs and block granted to the states. Should the Congress adopt such a position, U.S. taxpayers would save an estimated $500,000,000 a year within the LIHEAP program.

The rescissions that are contained in this document account for $1,172,942,000 in potential savings to the U.S. taxpayers. The programs that have been recommended for elimination are either obsolete or duplicative or can be carried out in a more efficiently at the state and local levels.

BLOCK GRANTS

The second part of this presentation will focus on the three principles I outlined at the beginning of this testimony. Upon reviewing the hundreds of programs under the auspices of the DHHS, it is quite apparent that a lot their functions could be accomplished easily by state health departments. Furthermore, proponents of these federal programs have continually claimed widespread community support for the services that are provided. If that is truly the case, then there is no reason why the local communities throughout the country cannot raise the necessary funds to operate these programs which are local in nature.

Many of the members of this committee have met with their respective governors, and the overwhelming message from the governors was simple—quit meddling in our affairs, let the states be states, and quit tying our hands with outdated and convoluted regulations that prohibit us from looking after our residents in an efficient manner. Mr. Chairman, with that clear mandate from an overwhelming majority of Americans and governors, I would respectfully submit that this Appropriations Committee urge the authorizing committees to block grant the following programs:

HEALTH RESOURCES AND SERVICES ADMINISTRATION

Community Health Centers

Migrant Health Centers

Health Care for the Homeless

Grants to Communities for Scholarships

Public Housing Service Grants

Alzheimer's Demonstration Grants

Healthy Start

Emergency Medical Services for Children

Health Professions

Minority/disadvantaged: Centers of Excellence
Health Careers Opportunity Program
Faculty Loan Repayment
Public Health and Preventive Medicine
Health Administration Traineeships
Family Medicine Training
General Dentistry Residencies
General Internal Medicine and Pediatrics
Physician Assistants
Allied Health Special Projects
Area Health Education Centers
Geriatric Education Centers and Training
Interdisciplinary Training
Podiatric Medicine
Chiropractic Demonstration Grants
Advanced Nurse Education
Nurse Practitioners/Nurse Midwives
Professional Nurse Traineeships
Nurse Disadvantaged Assistance
Nurse Anesthetists

Acquired Immune Deficiency Syndrome (AIDS):
Education and Training Centers

Ryan White AIDS Programs
Title I-Emergency Assistance
Title II - Comprehensive Care Programs
Title III-Early Intervention Programs
Title IV - Pediatric Demonstrations

AIDS Dental Services
Family Planning
Rural Health Research
Rural Outreach Grants
State Office of Rural Health
Health Care Facilities
Buildings and Facilities

CENTERS FOR DISEASE CONTROL

- Prevention Centers
- Sexually Transmitted Diseases
- Immunization
- Tuberculosis
- Human Immunodeficiency Virus
- Chronic and Environmental Disease Prevention
- Lead Poisoning Prevention
- Breast and Cervical Cancer Screening
- Epidemic Services

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

- Center for Mental Health Services:
  - Mental Health Block Grant (Continue)
  - Children's Mental Health
  - Clinical Training
  - Community Support Demonstrations
  - Homeless Service Demonstrations
  - Protection and Advocacy

- Center for Substance Abuse Treatment:
  - Substance Abuse Block Grant (Continue)
  - Treatment Grants to Crisis Areas
  - Treatment Improvement Demonstrations:
  - Pregnant/Post-partum women and children
  - Criminal Justice Program
  - Critical Populations
  - Comprehensive Community Treatment Program

- Center for Substance Abuse Prevention:
  - Prevention Demonstrations
    - High Risk Youth
    - Pregnant Women and Infants
    - Other programs
  - Community Partnerships
  - Prevention education/dissemination
  - Training
  - Program Management