

STATEMENT OF
THE COALITION FOR HEALTH SERVICES RESEARCH

TO THE

**SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES,
EDUCATION AND RELATED AGENCIES**

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 9, 2002

The Coalition for Health Services Research (Coalition) is pleased to offer this testimony for the record regarding the role of health services research in improving our nation's health. The Coalition is the advocacy arm of the Academy for Health Services Research and Health Policy (Academy). Through the Academy, the Coalition represents more than 3,400 individual researchers, scientists and policy experts as well as 115 organizations that produce and use health services research information including universities, providers, employers, and health plans.

We are grateful for the funding support the Subcommittee has provided for health services research over the past several years. While many agencies, including all of the institutes at the National Institutes of Health, fund health services research, our testimony will focus on those agencies that have the most critical need. The Agency for Healthcare Research and Quality (AHRQ) is the lead federal agency that funds and supports health services research. Given how the Administration's proposed budget cuts would curtail the agency's capacity to fund any new grants in FY2003 and require that current grants be cut in half, AHRQ should be given the highest priority for restoring funding. In addition to AHRQ, however, we are calling the Subcommittee's attention to those other agencies that support or conduct health services research that are also facing serious budgetary constraints if the President's budget is put into place: the Centers for Medicare and Medicaid Services, and the Centers for Disease Control and Prevention. In the past, Congress has been very supportive of health services research. This support has allowed researchers to:

- Find that most uninsured children are in working families ñ paving the way for the enactment of the State Children's Health Insurance Program (SCHIP). Total SCHIP enrollment for FY2001 was approximately 4.6 million persons.
- Find that as many as 1,000 lives could be saved each year by giving patients beta-blockers before bypass surgery.
- Document that the move from cost and fee-for-service reimbursement to prepaid, episode-based payments provided incentives for the more efficient provision of health services and that the use of episode-based payments for hospital care and now home health services, helped restrain Medicare spending, while supporting high quality care.
- Develop technology to guide emergency room physicians in hospitalizing or discharging patients with chest pain. It is estimated that 200,000 people per year could be spared an unnecessary hospital stay and that more than 100,000 unnecessary critical care unit admissions could be avoided, resulting in an estimated annual savings of \$700 million.
- Demonstrate that a program designed to provide extensive community-based services to the frail elderly was cost-effective, well received by beneficiaries and reduced nursing home use by the target population. As a result, the Program for All-Inclusive

Care for the Elderly (PACE) program is now a permanent part of Medicare and a state option under Medicaid.

- Develop an easy-to-use method that accurately predicts which pneumonia patients can be safely treated at home. Home treatment costs 10 to 15 times less than hospital care for pneumonia. The findings from this study also suggest that hospitals could reduce pneumonia hospital stays in many cases by one day without adversely affecting patient health.

Yet more questions need to be answered. Increased funding for those agencies that support health services research is needed to:

- □develop practical approaches to keep medical inflation in check;
- □promote improvements in clinical practice and patient outcomes;
- □speed clinical discoveries into practice;
- □develop processes to increase patient safety;
- □determine how to increase access to care;
- □find cost effective methods for improving quality especially for those with chronic illnesses; and
- □better prepare the health care system to respond effectively to natural catastrophes and terrorist attacks.

The demand for health services research and the need to improve our health care system cannot and will not be effectively met without the continued leadership of the Subcommittee and the Congress. Your support for the health services research being funded by a variety of federal agencies will allow millions of Americans to live longer, lead improved lives and save health care purchasers, including the federal government, hundreds of millions of dollars each year. As mentioned previously, AHRQ is the lead federal agency supporting and funding health services research and leads in our testimony. CMS and CDC are also facing critical funding shortages that will reduce their effectiveness in providing the information needed for policy and management of the U.S. health care system.

AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

AHRQ's mission is to develop scientific evidence that will help us spend our health care dollars wisely. AHRQ research does this by identifying what treatments work best, for whom, when, and at what costs. It also evaluates the effectiveness and efficiency of different approaches for financing, organizing, and delivering health care services. With health care costs rising for all actors, including the federal government, States and the private sector, the case for AHRQ research has never been more compelling.

For FY2003 the Coalition is requesting that Congress fund AHRQ at \$390 million. This is \$90 million above its FY2002 level of \$300 million and \$139 million above the President's request. The President's FY2003 proposed budget would decrease current funding for AHRQ by \$48 million, a 16 percent cut that will dramatically curtail AHRQ's

ability to carry out its mission. The proposed cuts are targeted in such a way that research on quality, quality measurement, disease management, outcomes, access and financing of health care will be crippled. At the proposed \$251 million level, AHRQ will be unable to fund any new research or training grants. Funding for current, non-patient safety grants will be reduced by 50 percent, requiring mid-grant renegotiations that will significantly reduce our knowledge and understanding of how to cost-effectively provide quality health care. This will also mean that AHRQ will be unable to fund many of the grants nearing their completion date, thereby losing the investment and the benefit which would have been derived from prior Congressional appropriations.

It is important to note, that AHRQ is the only federal health research agency that examines the entire health care system with an eye towards improving quality and efficiency. AHRQ conducts research that cuts across the jurisdictional lines of the other agencies and it frequently collaborates with the NIH, CDC, VA and other agencies in developing programs and answering critical questions. If AHRQ is forced to cut back on the research it conducts, Congress should not assume that NIH or any other agency will immediately begin to fund this type of research. Foundations are unable to make up the difference and, while private firms may choose to conduct some of this research, these firms often do not make the results available to the public for proprietary reasons. As the largest purchaser of health care services, the Federal government has an important role and responsibility in ensuring quality services are provided for those citizens relying on Federal programs while reducing costs to the American taxpayers.

The Coalition's FY2003 budget request of \$390 million will ensure AHRQ can not only continue its critical health mission, but also further fulfill its role in improving the quality of health care and the quality of life for all Americans.

CENTERS FOR MEDICARE AND MEDICAID SYSTEMS

Office of Strategic Planning (OSP)

OSP guides the development and implementation of new health care financing policies and evaluates their impact on Medicare and Medicaid beneficiaries, participating providers and the States. Congress has greatly increased CMS's administrative responsibilities over the past several years without providing commensurate funding for research. In addition, there have been significant changes in the Medicare and Medicaid programs that need to be continually monitored to determine if any refinements are necessary. CMS has also been given the responsibility of overseeing the SCHIP program. While OSP has received funding increases over the past two years, these increases have largely been for projects directed by Congress.

Under the Administration's proposal, CMS will see its research budget cut almost in half from \$55.3 million to \$28.4 million. After subtracting \$12.4 million for the Medicare Beneficiary Survey, and \$6 million for CMS to meet other statutory requirements, CMS will have only \$10 million in discretionary research funding. However, their FY2003 commitments for funding projects already underway are \$17 million. This means CMS would have to cut existing research by \$7 million. The Coalition supports a funding level of \$60 million to ensure that CMS can meet its current obligations and expand research

into areas such as quality care for those with chronic illnesses; plan and beneficiary participation in managed care; approaches to educating beneficiaries through use of the Internet (e-health); and the impact of technological changes on the Medicare and Medicaid programs and beneficiaries.

CENTERS FOR DISEASE CONTROL AND PREVENTION

A continuing concern is the issue of inadequate research focusing on the infrastructure of public health: *public health services research*. While much attention has focused on research about the sickness care system, and on improving the public health system's ability to respond to a terrorist attack, insufficient resources have been allocated for a comparable focus on research to improve the delivery of public health services. Of specific concern are:

- How can the public health infrastructure be improved and made more effective?
- How do we target critical public health activities to reach individuals and communities that typically encounter barriers in accessing the health system?
- How cost-effective are public health and prevention programs?
- How will new advances in understanding disease be applied in public health?

National Center for Health Statistics (NCHS)

NCHS is the Federal government's principal vital health statistics agency. NCHS represents an investment in broad-based, fundamental public health and health policy statistics. The data maintained by NCHS is critical to the research performed by our members. For example, NCHS provides the data for:

- Quarterly tracking of health insurance and access to care, important in understanding the impact of public policy and the economy on children and families;
- Measuring the health status of Americans and how it changes, a critical element in determining the value we get as a nation from our investment in health;
- Understanding trends in the use of health care services, including the extent to which new medical technology is adopted, the burden placed on the health care system by different diseases and illnesses, and the ways in which prescription drugs are prescribed and used;
- Monitoring the capacity and performance of our health care system by, for example, tracking waiting times in emergency departments and measuring unmet health care needs;
- Focusing policy and health programs on issues of greatest importance by providing a credible, scientific basis for understanding the magnitude of problems, and by helping generate hypotheses for health services and biomedical research; and

- Measuring and understanding differentials between different groups in the population, including racial and ethnic differences in health, in order to help identify strategies for narrowing these gaps.

Last year, Congress increased funding for NCHS by \$5 million. For FY2003, the President proposes to decrease the budget of the NCHS by \$1 million. The Coalition believes that NCHS requires at least \$180 million, an increase of \$50 million over current spending levels, in order for the agency to be brought up to date technologically, and to provide the data needed by both public and private sector researchers and policy makers.

Extramural Prevention

Under the President's budget proposal, CDC's \$17 million extramural prevention research budget ñ the only extramural health services research program at the CDC ñ would be eliminated. CDC developed this program to move knowledge about effective strategies for preventing disease and disability from research to implementation in diverse community practices and programs. The program uses a model of community-based participatory prevention research, and has supported over 50 projects based in states and localities throughout the country. Cutting this program will eliminate the second round of projects designed and initiated by community-based research collaborations. The Coalition urges restoration of the \$17 million so that CDC can conduct the second round of projects and collaborate with others to accelerate the dissemination of research results to professionals and communities who can put the results into practice.

NEED FOR FEDERAL FUNDING

The Coalition for Health Services Research is grateful for the leadership of this Subcommittee in recognizing the important role of health services research and our support for those agencies that support and fund health services research. It is imperative that funding levels are restored to AHRQ, CMS and CDC in order to allow health services research to address the critical questions, discussed at the beginning of our testimony, about our health care system. We urge the Subcommittee to continue the progress made during the last several years by providing a substantial investment in Federal health services research programs in the FY2003 appropriations bill.

If you have any questions or comments about this testimony, please contact Jon Lawniczak, Director, Government Relations, at (202) 292-6742 or jlawniczak@ahsrhp.org.

Thank you.