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Testimony Before the Committee on the Budget
February 28, 2008

Thank you, Chairman Spratt and Ranking Member Ryan for allowing me to testify before your Committee this afternoon.

My primary area of concern with the President's Fiscal Year 2008 budget centers on reductions in Medicare and Medicaid funding for hospitals and health systems that could limit access to comprehensive medical care for seniors and low-income individuals. Let me begin by saying that my concern over these reductions does not blind me to the fact that we need to take steps to curb the spiraling costs of both Medicare and Medicaid to protect it for generations to come. However, I believe that efforts to reduce the growth of Medicare should be rooted in meaningful reform, rather than across the board reductions in reimbursements to certain providers.

The Administration's proposal seeks to reign in Medicare spending by targeting the bedrock of Medicare's care delivery -- inpatient hospitals, outpatient hospitals, hospices, ambulance services, skilled nursing and inpatient rehabilitation hospitals and home health care. By either reducing the update factor or flat-funding these programs, the budget proposal has the potential to create widespread instability in the program.

In my district alone, the proposed reductions in Medicare would slash payments to our hospitals by nearly $300 million over the next five years alone. Clearly, these cuts would lead to a reduction in core Medicare services and leave Staten Island and Brooklyn seniors without access to the quality care they need and deserve.

In addition, I'm particularly concerned about the way the President's budget targets teaching hospitals and its disproportionate impact upon the hospital system in New York. New York City is the physician training capital of the world. The City trains more physicians in more specialties than any other city across the globe – more than 16,000 residents are trained annually in New York's 56 major teaching hospitals and 13 medical schools.

In the 13th Congressional District of New York, the White House budget proposals would reduce payments to teaching hospitals by more than $145 million over 5 years. Statewide, reimbursements to teaching hospitals would be reduced by $4.3 billion. The proposed cuts will significantly impair the ability of teaching hospitals to adequately train physicians to ensure that patients receive a high quality of care.

This proposal is short-sighted and fails to acknowledge the pending doctor and nurse shortages throughout the country. Over time, as hospital and doctor visits have increased, the number of medical school graduates has remained static. Indeed, it is estimated that physician visits will continue to grow by 53% between 2000 and 2020, resulting in a shortage of 24,000 doctors and nurses by 2020.

Similarly, I have concerns about the Administration's proposals to reduce the costs of the Medicaid program. For instance, the President's budget proposes to eliminate federal Medicaid dollars for graduate medical education (GME) payments to hospitals. This proposal alone would cut payments to the public hospital system in New York City by $400 million in the first year alone.

On a smaller scale but of critical concern to New York City's hospitals, the President's budget includes significant cuts to bioterrorism preparedness grants. The Administration proposal reduces funding for the Centers for Disease Control and Prevention (CDC) State and Local Bioterrorism and Emergency Public Health Preparedness by $136.7 million, and the Hospital Preparedness Grants administered by the Office of the Assistant Secretary for Preparedness and Response by $60 million. In high threat areas like New York City, these dollars are essential to the emergency preparedness efforts of the hospitals and the Department of Health. In conjunction with the massive cuts to reimbursements under Medicare, the hospitals in my district will be woefully underfunded to adequately coordinate and maintain plans to respond in the event of a bioterrorism attack or public health emergency. In fact, a recent report by the National Association of County and City Health Officials found that cuts in these programs that have occurred in recent years have adversely affected the emergency and bioterror preparedness at the local level.

While I have reservations about several of the health care budget proposals, I would like to commend the President for his dedication to providing high-quality health care to our nation's veterans. Since 2001, the President has increased funding for veterans medical care by 100% overall; the President's budget recommends an almost $5 billion increase over the estimated levels for FY08.

In addition, I would like to express my support for the inclusion of a $2.7 billion increase in funding for discretionary Pell grants included in the President's budget for the Department of Education. This investment, in conjunction with funding provided by the College Cost Reduction and Access Act will support a maximum Pell grant of $4,800 in 2009 and allow the maximum grant to rise to $5400 in 2012. As the cost of tuition continues to rise, this increase will help to make college more affordable for families throughout my district.

9/11 Health

Another crucial budget item for New York is the inclusion of $25 million to provide health monitoring and treatment for first responders and workers suffering from 9-11-related illnesses as a result of their service at Ground Zero.

Last year, the Administration included the same amount in the FY08 budget, and I was assured that it was merely a "place holder" until further data was collected on the costs of monitoring and treatment. It was expected and is now evident that these programs need significantly more funding. The National Institute for Occupational Safety and Health (NIOSH), which administers the World Trade Center program,

developed estimates that put the costs for running the current program at $218 million for FY 2009. With a recent GAO report that shows the federal response could be improved, and that shows not only that a large number of individuals are sick but are getting sicker, how possibly could the need for funding remain at $25 million in FY 09?

Many of these sick 9/11 workers are suffering from long-term illnesses as a result of inhaling Ground Zero's toxic plume. Some have even died from their sickness. A report released by New York City Mayor Michael Bloomberg revealed that 681,000 individuals are in need of medical monitoring, 410,000 people were "heavily exposed" to Ground Zero toxins and 30,000 responders are sick, yet 21,000 of them do not have adequate health insurance.

As you develop the budget, I urge you to keep in mind the $25 million is a starting point and any budget resolution should include a caveat for adding funding. I would also like to point out that this isn't just a New York problem – it's a national problem. People from all over the country came to Ground Zero to help New York and our nation get back on its feet again. Many are suffering from the same illnesses New York police and firefighters have. Funding these critical programs will help those individuals as well.

Homeland Security Funding

As a priority, we need to ensure that homeland security programs are adequately funded – and that this funding is directed to the cities that face the greatest threat. Since the creation of the Urban Area Security Initiative (UASI), a program that distributes 100% of the grants based on risk, funding levels to our highest-threat areas have continually fluctuated. This is extremely dangerous for our national security and creates needless uncertainty for police departments, first responders and others to prepare and carry out anti-terror activities. Yet I was heartened to see a $5m increase over last year's enacted level for the UASI program. For UASI in FY 09, the president has requested $825m, and I believe this is a good start for funding one of the most important programs that gives grants directly to localities for use in fighting terrorism. While we have made progress on this issue in recent years, Congress should send resources to fight terrorism where they are needed most, not based on arbitrary formulas.

Social Security Administration

I'd also like to express my support for an increase in funding for the Social Security Administration. The President's Budget proposes a 6% increase over the FY08 level – a number itself that was $451 million higher than 2007. Prior to these increases, the SSA went 10 years without any adjustments in funding levels. As a result, as the number of beneficiary visits and claims increased, staff and funding levels at the social security offices in my district decreased, leading to increasingly long wait times for appointments or decisions on claims. In fact, in my district, beneficiaries can wait as long as a year to schedule a claims hearing, and can wait longer than 2 years on appeals of denied claims. I would urge this Committee to consider greater increases in the SSA

budget – both to reduce wait times for beneficiaries and to better prepare the SSA for its new responsibilities in administering Medicare Part D.

Competitiveness

I would also like to take the opportunity to speak briefly about the Administration's proposal to impose a new tax on futures transactions that are cleared by derivative clearing organizations regulated by the Commodity Futures Trading Commission (CFTC). I am concerned this proposal will reduce liquidity on our futures exchanges, diverting trades from the regulatory oversight of the CFTC to unregulated or foreign markets. In an increasingly globalized marketplace, I would urge the Committee not to accept a proposal that will reduce the competitiveness of American futures markets.

General

Lastly, I would like to express my support for several discretionary programs that are of critical importance to Staten Island and Brooklyn.

First, I'd like to express support for funding for the Department of Justice to implement the Edward Byrne Justice Assistance Grant (Byrne-JAG) program. These grants provide essential federal support for law enforcement agencies and their efforts to combat against drug and gang activities in our local communities. In addition, I would urge adequate funding for the National Estuary Program that provides funding to local coastal communities like Staten Island and Brooklyn to protect and restore estuaries and watersheds. Lastly, I would like to stress the importance of adequately funding the National Institutes of Health to achieve further progress in research and treatments for diseases like diabetes, cancer and neurological disorders.

Thank you for the opportunity to testify today before this Committee.