



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

February 1, 2013

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman Mikulski:

Thank you for your letter regarding the automatic, across-the-board spending cuts set to occur on March 1, 2013. I share your concerns about the potential consequences of these cuts on the critical social service, public health and scientific research, and health care coverage and oversight programs administered by the Department of Health and Human Services (HHS). As the examples below illustrate, our efforts to protect the health and enhance the well-being of all Americans, as well as our commitments to grantees, contractors, and state and local governments, would be significantly impacted by the potential sequester.

Social Services

Sequestration would hinder the Department's work to support American children and families. For example, up to 70,000 children would lose access to Head Start and Early Head Start services. This impact would be felt across the nation, with community and faith-based organizations, small businesses, local governments, and school systems laying-off over 14,000 teachers, teacher assistants, and other staff. Services for children and families would be disrupted, with some Head Start centers needing to close their classrooms early this school year or reopen their programs late in the fall. Programs would have to cut services, staff, and classrooms for the 2013-2014 school year. In addition, sequestration would further impact our ability to help families succeed by leaving up to 30,000 children without child care services. Without a safe and secure environment for their children, working parents would have a difficult time seeking or keeping employment.

Sequestration could compromise the health and well-being of more than 373,000 seriously mentally ill adults and seriously emotionally disturbed children who potentially would not receive needed mental health services, which could result in increased hospitalizations and homelessness. In addition, we expect that 8,900 homeless persons with serious mental illness might not receive the vital outreach, treatment and housing, and supports that they need to help in their recovery process. Admissions to inpatient facilities for people in need of critical addiction services could be reduced by 109,000, and almost 91,000 fewer people could receive substance abuse treatment services.

Our nation's seniors would also feel the impacts of sequestration. In particular, congregate and home-delivered nutrition services programs would serve 4 million fewer meals to seniors.

The cuts required by sequestration could slow efforts to improve the delivery of health care to American Indians and Alaska Natives through the Indian Health Service (IHS) and would result in about 3,000 fewer inpatient admissions and 804,000 fewer outpatient visits provided in IHS and Tribal hospitals and clinics. IHS may lack resources to pay for the staffing and operations of five health care facilities that tribes have built with their own resources, with a total tribal investment of almost \$200 million.

Sequestration would impair the Department's ability to prevent and treat HIV/AIDS. The cuts to the Centers for Disease Control and Prevention (CDC) translate into approximately 424,000 fewer HIV tests conducted by CDC's health department grantees. The Health Resources and Services Administration estimates that 7,400 fewer patients would have access to life-saving HIV medications through the AIDS Drug Assistance Program (ADAP). This would cause delays in service and drug provision to people living with HIV and potentially lead to ADAP wait lists for HIV medications.

Public Health and Scientific Research

Reduced funding for the Food and Drug Administration (FDA), including user fees, could increase risks to our nation's food safety. FDA would conduct approximately 2,100 fewer domestic and foreign facility inspections of firms that manufacture food products to verify that domestic and imported foods meet safety standards. These reductions may increase the risk of safety incidents, and the public may suffer more foodborne illness such as the recent salmonella in peanut butter outbreak and the E. coli illnesses linked to organic spinach.

Cuts to the National Institutes of Health (NIH) due to sequestration would delay progress on the prevention of debilitating chronic conditions that are also costly to society and on the development of more effective treatments for common and rare diseases affecting millions of Americans. In general, NIH grant funding within states, including Maryland, will likely be reduced due to both reductions to existing grants and fewer new grants. We expect that some existing research projects could be difficult to pursue at reduced levels and some new research could be postponed as NIH would make hundreds fewer awards. Actual funding reductions will depend on the final mix of projects chosen to be supported by each Institute and Center within available resources. With each research award supporting up to seven research positions, several thousand research positions across the nation could be eliminated.

Health Care Coverage and Oversight

Under sequestration, payments to Medicare providers, health plans, and drug plans under Title XVIII of the Social Security Act will be reduced by two percent. This would result in billions of dollars in lost revenues to Medicare doctors, hospitals, and other providers, who will only be reimbursed at 98 cents on the dollar for their services to Medicare beneficiaries.

Sequestration would limit the Department's ability to realize savings produced through proven investments, such as the Health Care Fraud and Abuse Control program. For every dollar spent to combat health care fraud through our law enforcement work we have realized an over \$7 return on investment. In FY 2011 alone, we returned a record-breaking \$4.1 billion to the federal government.

I am eager to work with you and Congress to avoid the consequences that would result from sequestration. Thank you for your interest in this important issue.

Sincerely,



Kathleen Sebelius

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