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Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: I am Margaret Flinter.

Mark Masselli: Margaret, the Federal Budget is driving this week's news and health care spending is center stage so this week on Conversations we are going to spend a little more time and have a conversation looking closely at the President Obama's proposed budget for fiscal year 2012 as well as the continuing resolution from the House Appropriations Committee for this fiscal year. Just to remind our listeners, there are a lot of numbers coming your way but don't get dazed by them; this is sort of getting exciting and it's important.

Margaret Flinter: That's right Mark, it is really important and I do think it takes some focus to understand it so we hope our listeners will bear with us while we dig into some of the weeds here. President Obama has proposed his budget for fiscal year 2012 which begins October 1, 2011 and there is a lot to explore in that. At the same time, the House of Representatives is working on a continuing resolution that really allows the government to move forward and that goes from now right through September 30<sup>th</sup>. We will explore the continuing resolution just a little bit later in the show.

Mark Masselli: Well there is a big chasm between what President Obama is proposing for that budget you talked about that starts in October for the 2012 budget and what the house is proposing for the rest of the fiscal year and President Obama is trying to achieve balance between cutting and spending while at the same time investing in the future.

Margaret Flinter: And that's hard to do because what we are seeing is the House Appropriations Committee wants to cut 61 billion from 2011 budget and that will include some pretty major cuts targeting health care funding as well as other things. A few pulling back support for community health centers and for the National Health Service Corps, some cuts to CMS which is the Center for Medicare and Medicaid and its demonstration projects and a proposal to de-fund the Office of Health Reform; I guess we could have seen that one coming.

Mark Masselli: I think you are right. Okay, now here come the numbers so just settle back, think about it as a big pizza pie or apple pie, it's a big pie. \$3.7 trillion budget is what the President has put up and one of the slices, and really the largest slice, is health care and that makes up about 23% of the pie and it includes things like Medicare which costs about 15% of the budget and Medicaid and children's health around 7% with the other health and research, food, safety making up 2%. So again, it's a big slice of the pie, lots going on in there.

Margaret Flinter: Right. And I think we always tend to think of health care as what we actually deliver to a person but as you say, things like research are in there and that is a big and important part of the budget. And there are other parts of the budget outside those numbers that also have a big impact on our nation's health. Mark, I think of one example, the budget for the Department of Veteran Affairs with \$54 billion in medical care and research for veterans and that goes for everything from primary care for veterans and routine hospitalizations up to the very specialized care that veterans with post-traumatic stress disorder or traumatic brain injury need and we are glad to see that there is still a recommendation for funding to continue efforts to combat homelessness among veterans which we know is a really important issue.

Mark Masselli: Well, those are really important tangibles that need resources to help them continue to do the good work they are. But at the same time, the budget's trying to think about innovations and way to save dollars in the future and one of the things that President's budget is hoping to fund is ways to implement a new paperless system. I wonder if there is an app for that, certainly I need one.

Margaret Flinter. I actually thought that was already taken care of, it's been so long since we handled the paper claim in our organization I am sure the VA has figured that out. But nonetheless, when we talk about how veterans themselves access benefits, I bet there is a need to go to paperless system. Also give a note to an area of the budget that I think most people might overlook but it really ties to quality of life in our communities and healthy communities, often overlooked, and that's the Corporation for National and Community Service. Small part of the budget but we have seen what a big impact it makes Mark, it is the corporation that runs the AmeriCorps Program and one of its component programs, the Community HealthCorps Program. This year's budget supports growth in Americorps to 90,000 members which gives that many more Americans an opportunity to serve their communities and improve them while actually gaining some incredible experience.

Mark Masselli: Margaret, I have a confession. We have an AmeriCorps program at our Community Health Center so we need to let the public know that that we are beneficiaries of that. But we have seen some great success from that, it's a great springboard for people of all ages. We see a lot of young people but actually people of all ages go into it and you know something, it's great to do a little work before you go on to school and they earn some scholarship money in doing it.

Margaret Flinter: And I have been talking to our incredible team of Community HealthCorps workers and they are headed for service careers: public health, medicine, nursing, education, really a big focus on service and we are so proud of that.

Mark Masselli: There are \$70 million for social innovation funds and we focus a lot on innovations in this show for sure and thinking about ways to cultivate social entrepreneurship are important ways that we can test promising new approaches to major changes that affect our country. There are a lot of innovators out there and it's important to get them also into health care delivery.

Margaret Flinter: And another small perhaps but noteworthy aspect of the budget, the President's budget sets aside \$5 million, very small dollars in the federal budget but it creates a demonstration project called the Senior Corps within the Senior Corps of AmeriCorps. It's a small amount that really can make a big difference. It takes individuals who are over 55 and gives them local volunteer opportunities. The initiative will test innovative and evidence-based approaches to engaging low income seniors and opportunities to serve two specific populations, children and youth at risk of failing to perform at grade level and also veterans in primary care and their caregivers.

Mark Masselli: Another part of the budget that has an important effect on our country's health is education and President's budget includes 365 million for the efforts to promote school, safety, health, and well being.

Margaret Flinter: Well, I am all for that education budget as a health care professional because you know Mark, there is a lot of data that says if you could do one thing to really improve health it would be to raise education levels among people.

Mark Masselli: We talked about that pie before and one of the big ticket items in that slice which was about 23% if I remember correctly is the Department of Health and Human Service budget. President Obama has proposed \$80 billion for that upcoming budget that starts in October 2012 and it's slightly higher than the 2010 level with key funding measures sticking close to what's been put forward in the Affordable Care Act which is Law of the Land and reducing cost for prescription drugs preventing chronic diseases strengthening health care workforce and most importantly, expanding Medicaid.

Margaret Flinter: And on perhaps a slightly different note if you look closely at the HHS budget, let's talk about food for a minute. We talk about food a lot on this show in terms of health and reducing obesity but we also have to guarantee that the nation's food safety system is strong and reliable and there is funding to implement some key provisions of the relatively new FDA Food Safety Modernization Act. So as a result, the FDA is one group that's budgeted to actually get more funding in 2012 than it's had.

Mark Masselli: I think I was politically incorrect when I said a pizza pie, actually it's apple pie. We are leading apple pie, we are dividing everything up by apples, they are good for you. Another goal is to increase America's competitiveness through funding of bio-medical research. To accomplish this, the NIH or the

National Institute of Health will receive a moderate increase in funding. And I think on that President Bush was a big supporter of NIH and it's really been a bipartisan institute that people have been supportive of.

Margaret Flinter: That's right. I remember back when Senator \_\_\_\_\_ 8:27 was our senator from Connecticut, he was one of the real champions of big funding increases. But it goes without saying of course that when you see increases for some groups you also see decreases for others and among the agencies that are going to see a decrease or a recommended decrease are HRSA the Health Resource and Service Administration, also CDC the Centers for Disease Control and the Substance Abuse and Mental Health Services Administration and we know what a challenge it is for each of those groups to do the valuable work they do when they see a reduction.

Mark Masselli: Yeah you are right and yet some of this may actually be the result of shuffling around which agencies address which issues. And one of the President budget priorities is expanding access to HIV AIDS prevention and treatment, this will be done by realigning resources at the Center for Disease Control, the Health and Resource Service Administration SAMHSA and Office of the Secretary, a lot of initials in health care and we know some of our listeners are pretty familiar with all of them but these are important health care agencies that are focused in on transformation and in particular in this area of the national HIV AIDS federal implementation plan.

Margaret Flinter: A big area that got attention in the health reform debate was chronic disease because we know that's where we are spending most of our dollars and as the population ages that's where we will be continuing to spend them. So there is a new attempt to try and bring together an innovative and reformed chronic disease program. It's going to be called the Comprehensive Chronic Disease Prevention Program or CCDPP, more initials, and that's going to be created by consolidating CDC's heart disease, stroke, diabetes, cancer, arthritis and other conditions along with nutrition health promotion prevention centers and select school health activities into one competitive grant program. Boy, that was a mouthful even to read them I am not sure how they are going to administer that.

Mark Masselli: I know, I think you are right but I am just taking it down to our level when we are developing primary care. We have been thinking about this Patient-Centered Medical Home. How can we design everything around the patient to make this sort of a comprehensive coordinated set of services for people that really focus in on the health and the well being and the outcomes of patients? All of these dollars that we have been talking about I think they are really focused in on making a better health care system and certainly when cuts come they should be judicious looking at things that don't work but it should be really evidence-based.

Margaret Flinter: I couldn't agree more. And also in talking with many of our colleagues both here in our organization and around the country I think people are generally saying the government can provide support for doing things but ultimately transformation and change has got to come from all of us within the health care system and I think there is an energy and a vitality around doing that that I am not sure I have ever seen it at such a high level. So we are optimistic about the future at the same time we know we need those resources.

Mark Masselli: Absolutely, and there will certainly big challenges in the coming days. Let's turn a little to the upcoming proposed cuts that the House of Representatives has proposed in their Appropriations Committee because they have really want to try to really trim back and this is an ideological battle that's out there and we certainly want to hear from folks on the House Appropriations Committee, and I know our producer has come calls in there. Because we want to understand where they are heading with their proposal and not just a blanket saying any cuts is a bad one. Now they are proposing \$61 billion in cuts and really the problem is that it isn't coming across the board, it's not impacting social security or Medicare or Medicaid, it's really on domestic spending. And I know they have big challenges ahead but I think America deals with when everyone sort of has some pain it's spread out equally and it looks like on the current proposal it's really very narrowed down. Margaret, maybe talk a little bit about some of the cuts that we know personally and how they impact our operation and probably operations in every state that we are reaching out on Conversations on Health Care.

Margaret Flinter: Well let's look at it from the perspective of health centers. There is a goal there for health centers to increase in size and capacity to be able to double the number of Americans that have that Patient-Centered Medical Home you talked about in a health center from 20 million to 40 million. In 2009, the Recovery Act provided \$500 million to expand health center services to an additional two million patients. The Affordable Care Act continues this progress by investing 2.2 billion in new resources for health center services in 2011 and 2012 and the budget builds on that investment with an additional 2.1 billion. That's supposed to get us by 2012 to a place where health centers can serve 24 million people. But if we see a retrenchment in the budget, if we see cuts, if we don't see funding for new access points, if we see pull backs in the expanded health services or even if we go at it by cutting back on the expansion of Medicaid, the ability to do that really goes away very quickly and we are back to being left with not a good way to approach chronic disease or prevention to achieve those goals or achieve the promise of the innovations that we know are out there so really very serious considerations on that budget.

Mark Masselli: And I am sure there is a group of people out there who say are you whining, you know you have got a lot of money and we have got to figure out this problem. And I think those are legitimate questions that people have about this but I think what we are talking about now is probably being discussed in 100

different areas and people are going to be calling their representatives and say hey you know what, down here in Virginia, or out in Iowa, we have got this program, it's a local program, we don't know what's going on nationally but it really helps my mom and helps my dad, what are we going to do about this? And so I think the broad brushstroke is people saying well they got enough to serve but when it breaks down to the local level people really get hurt by these and I think there is going to be a large conversation going on with our representatives all across America.

Margaret Flinter: And we always say that anecdotes divide us and deity unites us but I thought a powerful anecdote was one written by our own Dr. Smith in an op-ed piece in a local newspaper yesterday really telling the sad story of a patient who had catastrophic insurance only, developed an infection in his elbow, couldn't go to the ER, came into our health center and Dr. Smith while he would have preferred that it be treated in a hospital setting because of the severity, went ahead and treated him as an outpatient. But the kicker was of course he noted the individual had lost the job, had no insurance so had to pay for his diabetes medicines and couldn't so his blood sugar was about 350 when he came in. Well that blood sugar is probably what was responsible for the infection being so bad in the first place. That's an anecdote but that anecdote seems to be played over and over and over and over and had he not had a health center to come to certainly there likely would have been a hospitalization and a very big bill. But you know we would wish he hadn't even had to come to the health center because he was managing that chronic disease just fine with what science and health care has to offer today.

Mark Masselli: Well I think the representatives are going to be hearing this story and other types of stories like it, similar stories as they sort of wade through the battle. It's March 4<sup>th</sup> Margaret, I think that the continuing resolution ends so we have got a short term issue that the country has to face and I think there are going to be a lot of people, the phone lines are going to be burning up between all points America to Washington DC to let our representatives know how people feel about it, pro or con, in terms of the cuts that are out there. But this is part of the process we want to have this dialogue with people today and really just have you start thinking about it. There is a lot to digest in terms of the numbers but I think looking away from Washington people should really look in their home and community, see how the investments that have been made there are they working, if they are supported and if they are not I think we are looking for innovations and transformations that can come about to help us improve the health and well being of all Americans.

Margaret Flinter: Well said, and that really was our goal today. There are many experts out there and we usually invite them on the show but all of us can be a little more expert about exactly what the budget resolutions and the proposals are and to understand what a difference it makes for you in your life, in your

community, and in the areas that you care about. So take a chance to get educated and we hope you enjoy the conversation.

Mark Masselli: And as always if you have the feedback e-mail us at [www.chcradio.com](http://www.chcradio.com) we would love to hear from you. Now for more of an in-depth coverage of the budget discussion let's check in with our producer Loren Bonner with Headlines News.

Loren Bonner: I am Loren Bonner with this week's Headline News. I will continue our coverage of the 2012 Federal Budget and how it affects health care spending. In his 2012 budget proposal, President Obama included nearly \$80 billion for the Department of Health and Human Services. The funding would go mostly toward programs included in this health care overhaul. Specifically the President's budget has a total of \$465 million devoted to implementing the Affordable Care Act. Most of this will go to the Centers for Medicare and Medicaid, the agency that is now taking the lead in carrying out the law. Health and Human Services Secretary Kathleen Sebelius says an investment in HHS goes a long way in improving the future of America's health.

Kathleen Sebelius: Giving families and business owners more freedom from rising health costs and insurance abuses by keeping America at the cutting edge of new cures and treatments, by ensuring that our children are prepared as any in the world when they start school and by slashing waste and fraud from Medicare to strengthen it for the seniors today and tomorrow.

Loren Bonner: Additionally, the President spares health care providers from a 28% cut in Medicare fees that they would otherwise face in January of next year. The so-called Doc Fix is a result of 1990's budget law that failed to restrain costs and finding a permanent solution has been continuously postponed by Congress ever since. President Obama said he would allocate \$54 billion to freeze doctor's payments for just two years in 2012 and 2013. Here's what Office of Management and Budget Director Jack Lew had to say about payments to Medicare providers in the new budget.

Jack Lew: There is a bipartisan consensus that we shouldn't cut what we pay doctors in the Medicare program by almost 30% because if we did they might stop treating Medicare patients. The problem is the way we have dealt with it for most of the last decade is simply to put the expense on our national credit card and to kick the can down the road. Well this budget says we can't do that anymore.

Loren Bonner: President Obama is proposing \$62 billion of health care cuts elsewhere to pay for the Doc Fix, again Secretary Sebelius.

Kathleen Sebelius: The President has proposed a 10 year fix to the sustainable growth rate that costs about \$370 billion. In the budget we are releasing today,

two years of that 10 year proposal are paid for and the paid-for are essentially additional savings in the drug area and with waste and fraud. There has been some misreported information that somehow there are additional provider cuts that actually pay for the SGR fix for the next year and that is inaccurate information.

Loren Bonner: Republicans criticize President Obama for not including any entitlement reform in his proposed budget. The President's budget called on reducing the deficit by more than \$1 trillion over the next 10 years but he declined to propose major changes in entitlement programs, social security, Medicare and Medicaid which combined for more than 40% of federal spending. Budget Committee Chair Republican Paul Ryan didn't have good things to say about the President's budget proposal.

Paul Ryan: I really thought given that the President created a fiscal commission that we would see an advancement, that we would see a step in the right direction on fiscal control, instead we saw a step farther to left than if we did nothing at all and that's what's so disappointing about today's budget.

Loren Bonner: When asked about entitlement reform in the Republican budget proposal, Congressman Ryan did not specify if it would be included. The republican budget proposal will be written and submitted sometime this spring after the Congressional Budget Office reviews the President's budget proposal. Republican leaders of the House Appropriations Committee introduced a bill last week to appropriate needed funding for government programs but at levels far lower than those currently allocated for the programs. Included among the provisions are the elimination of funds for the White House Office of Health Reform which was established under the Affordable Care Act to carry out the law, reductions in dollars allocated for prevention and community health centers and cuts to federal healthcare agencies such as the Centers for Disease Control and Prevention. Prior to introducing this bill Republicans announced plans to cut funds from community health centers and the National Institutes for Health as well as fully eliminate funding for the Title X Family Planning Program which provides information and contraceptives to low income individuals and families.

Mark Masselli: Each week Conversations highlights a bright idea about how to make wellness a part of our communities and everyday lives. This week's bright idea focuses on a unique partnership between chefs and local schools that aims to make a lasting impact on the way kids, parents, teachers think about nutrition. The Chefs Move to School Program was launched by First Lady Michelle Obama Let's Move campaign, and the US Department of Agriculture last June as a call to action for chefs across the nation to join in on the fight against childhood obesity. Healthy school meals are crucial to a child's wellness since nearly 31 million students participate in the national school lunch program and more than 11 million participate in the school breakfast program. The Chefs Move to Schools program encourages chefs to volunteer their food expertise so that schools can



do a better job preparing food that are tasty and nutritious while at the same time being mindful of the schools' regulatory dietary guidelines and budgets. In addition to chefs working with schools to whip-up healthier meal, these chefs who range from local restaurant owners to contestants on the hit reality show Iron Chef also conduct cooking classes on the weekend and help cultivate school gardens. So far more than 1700 schools have signed up to connect with a chef through the program and as word spreads many more will follow using their leadership and expertise to inspire children to eat healthy food. Chefs are making a lasting impact on health of the next generation. Now that's a bright idea.

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

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