



JUN 29 2012

The Honorable Edward Markey  
United States House of Representatives  
Washington, D.C. 20515

Dear Representative Markey:

Secretary Sebelius has asked me to thank you for your letter and to respond to you directly regarding your interest in the budget cuts mandated by the Budget Control Act of 2011. The Secretary and I share your concerns about the potential consequences of these cuts on the Department of Health and Human Services (HHS). The Administration believes that Congress should pass balanced deficit reduction legislation consistent with the President's Budget to avoid sequestration.

In the event that Congress fails to pass bipartisan balanced deficit reduction legislation, the Congressional Budget Office (CBO) estimates that automatic sequestration would reduce non-defense discretionary programs by 7.8 percent on January 2, 2013, which would be applied to most HHS accounts.

The deep discretionary cuts projected by CBO would have profound consequences on the Department's ability to protect Americans' health and safety and provide critical services to vulnerable populations. As you note, the cuts projected by CBO would limit the Department's ability to accelerate scientific knowledge and innovation. The National Institutes of Health (NIH) could potentially eliminate 2,300 new and competing research project grants, with nearly 300 fewer grants issued by the National Cancer Institute.

The cuts projected by CBO would also reduce the Department's ability to support American families. For example, up to 100,000 children would lose Head Start services and approximately 80,000 fewer children would receive child care assistance. In addition, approximately 12,150 fewer patients would receive benefits from our AIDS Drug Assistance Program. Approximately 169,000 fewer individuals would be admitted to substance abuse treatment programs and an estimated 14,200 fewer people who are homeless would receive assistance.

Sequestration would also hinder the Department's ability to realize savings produced through proven investments, such as the Health Care Fraud and Abuse Control (HCFAC) program. CMS actuaries conservatively project that for every new dollar spent by HHS to combat health care fraud, about \$1.50 is saved or averted.

The Honorable Edward Markey  
June 29, 2012  
Page 2

Balanced deficit reduction, rather than sequestration, is the way to put the Nation on the path to fiscal stability and protect critical national investments within the Department of Health and Human Services. Thank you for your interest in this important issue.

Sincerely,



Ellen G. Murray  
Assistant Secretary for Financial Resources