

**NOMINATIONS OF MICHAEL O'GRADY,  
JENNIFER YOUNG, AND BRADLEY G. BELT**

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**HEARING**

BEFORE THE

**COMMITTEE ON FINANCE**

**UNITED STATES SENATE**

**ONE HUNDRED EIGHTH CONGRESS**

FIRST SESSION

ON THE

NOMINATIONS OF

MICHAEL O'GRADY, TO BE ASSISTANT SECRETARY FOR PLANNING AND  
EVALUATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES; JEN-  
NIFER YOUNG, TO BE ASSISTANT SECRETARY FOR LEGISLATION, DE-  
PARTMENT OF HEALTH AND HUMAN SERVICES; BRADLEY G. BELT,  
TO BE A MEMBER OF THE SOCIAL SECURITY ADVISORY BOARD

NOVEMBER 4, 2003



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**TUESDAY, NOVEMBER 4, 2003**

U.S. SENATE,  
COMMITTEE ON FINANCE,  
*Washington, DC.*

The hearing was convened, pursuant to notice, at 10:04 a.m., in room 215, Dirksen Senate Office Building, Hon. Charles E. Grassley (chairman of the committee) presiding.

Also present: Senators Nickles and Baucus.

**OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. Good morning, everybody. It is my pleasure to welcome the distinguished nominees who have come before the Senate Finance Committee today. This morning we consider the President's nomination of Mr. Michael O'Grady to be Assistant Secretary for Planning and Evaluation at HHS; Ms. Jennifer Young to be Assistant Secretary for Legislation at HHS; and Mr. Bradley G. Belt, to be a Member of the Social Security Advisory Board.

Both Michael O'Grady and Jennifer Young, the nominees to the positions in the Department of Health and Human Services, are well-known to most of us, since both served for some years on the professional staff of this committee.

Mr. O'Grady has worked in other Congressional staff capacities as well, and Ms. Young has had good experience in health policy positions outside the Congress. Based on their experience, I think that both are well-qualified for the positions to which the President has nominated them.

Mr. O'Grady and Ms. Young, as former professional staff on this committee, I know you both realize how important the help and assistance of the professional staff in your department can be to us here in the Congress as we develop legislation.

Our third nominee is Mr. Bradley Belt. He brings to us today a retirement security background which encompasses both the Social Security program and private pensions. His experiences in both the private and public sectors are sure to bring a wealth of knowledge to the Advisory Board, should he be confirmed today. So, I congratulate all of you.

I will call upon my colleague, Senator Voinovich, to introduce whoever he wants to introduce at this point.

**STATEMENT OF HON. GEORGE VOINOVICH, A U.S. SENATOR  
FROM OHIO**

Senator VOINOVICH. Thank you, Mr. Chairman. It is a great pleasure to introduce to the committee—as you mentioned, she probably does not need an introduction to the committee—President Bush’s nominee for the position of Assistant Secretary of Health and Human Services for Legislation, Ms. Jennifer Baxendell Young of Alexandria, Virginia, and formerly of Bellevue, Ohio.

Jennifer, I want to, first, thank you for your willingness to serve your country in this demanding position. I am delighted that you have continued your commitment to the call of public service.

As members of this committee know, Jennifer currently serves as Acting Assistant Secretary for Legislation at the Department of Health and Human Services. Before becoming the Assistant Secretary on July 23 of this year, Ms. Young served as the Deputy Assistant Secretary for Health Legislation.

However, I have known Jennifer long before her ascendancy into HHS. In fact, I have had the pleasure of watching her grow and mature for most of her public career, all the way to this hearing room. Jennifer started her career in public service while still a student at Georgetown University with Congressman Paul Gillmor from Ohio’s Fifth Congressional District.

After a stint with Congressman Gillmor, she migrated across to the Capital to the Hall of States to work for my Washington office during my tenure as Governor of Ohio. It was there I came to know Jennifer in her service to me in Washington, as well as in Columbus. Jennifer proved to be nothing short of a stellar part of my team.

In the early 1990’s, Ohio, with the rest of the Nation, faced concerns regarding the uninsured. Bringing the best and brightest I had together, we were determined to reduce the number of uninsured in the State and do it through the State’s 1115 waiver for Medicaid.

Jennifer was handed this responsibility and came through remarkably. She was handed a program as complex and convoluted as Medicaid and tasked with a goal that I am sure, at first, seemed difficult, to say the least. But through her intellect and her ability to navigate Washington, Ohio moved forward with its waiver and reduced the number of uninsured in our State.

Additionally, Jennifer was also a key part of my Families and Children First initiative. This initiative was one of the top priorities of my administration. The initiative brought several State agencies together and broke down barriers between State depart-

ments to serve low-income children and families in a comprehensive and efficient manner.

Jennifer again played a crucial role in making sure that the health and well-being of Ohio's youngest residents were taken care of. With efforts like Jennifer's, Ohio became one of the Nation's leaders in early childhood development.

After working her tenure with me in Ohio, Jennifer left to come back to Washington, joining the National Governors Association as Director of Health Legislation. I am pretty sure that the folks at NGA saw how well she handled Medicaid and wanted to bring her back to Washington.

In this capacity, Jennifer led the Governors' efforts to pass the CHIP program. She then left NGA to work for then-Chairman Roth in this very committee, handling Medicaid and the States' Children's Health Insurance Program.

She later returned to the House of Representatives, where she was primarily responsible for Medicare issues before the House Ways and Means Committee under the chairmanship of Bill Thomas. It was there that she helped lay the groundwork for the current prescription drug bill.

As Congress sits on the cusp of adding a prescription drug benefit to Medicare—we hope, we hope, we hope—I can think of few individuals more experienced or qualified to assist my friend, Secretary Thompson, at HHS than Jennifer Baxendell Young. She is an outstanding professional, and our country is very fortunate indeed to have her service.

Mr. Chairman, I look forward to working with Jennifer, and I thank you for holding this confirmation hearing this morning.

The CHAIRMAN. She is lucky to have a very strong Senator like you say such nice words about her. I presume we ought to move to her confirmation right now.

Senator VOINOVICH. Amen and hallelujah!

The CHAIRMAN. All right. Thank you very much, Senator Voinovich.

Senator VOINOVICH. Thank you.

The CHAIRMAN. Would the three nominees please come to the table? First of all, do any of you have family members that you would like to introduce to the committee?

Mr. BELT. Yes, we do, Mr. Chairman.

The CHAIRMAN. Go ahead, Mr. Belt.

Mr. BELT. Thank you, Mr. Chairman. I would like to introduce my family, my wife Laura, and my two daughters, Madeline and Natalie, who are hiding there in the back of the chamber.

The CHAIRMAN. All right. Thank you very much.

Ms. YOUNG. My husband is in some kind of trouble. He was supposed to be here, but no sign of him. If he were here, I am sure he would say thank you.

The CHAIRMAN. All right. Mr. O'Grady?

Mr. O'GRADY. Yes. I would like to introduce my wife, Sharon Natanblut, and our three children, Jordana, Alana, and Jake. And our children told me that they were very pleased to be here today, and I, for one, believe it has nothing to do with the fact that they are missing school. [Laughter.]

The CHAIRMAN. All right. Thank you very much.

Now we would proceed to any statements that each of you would like to make, starting with Mr. Belt, then Ms. Young, then Mr. O'Grady.

Oh. Wait a minute for Senator Nickles.

Senator NICKLES. Mr. Chairman, I just wanted to drop in for a second and say it is my pleasure to encourage the committee to confirm Jennifer Young to be Assistant Secretary on Legislation for HHS.

I have had the pleasure of knowing her and working with her more hours than we care the last couple of months on Medicare. But she has done an outstanding job representing the administration.

She is very knowledgeable, as knowledgeable as anyone on some very difficult, critical issues. She has always been willing to work with members on this committee and others in Congress to try to see if we can make positive changes. I compliment the President for her nomination and I look forward to her confirmation.

The CHAIRMAN. Thank you, Senator Nickles.

Proceed, Mr. Belt.

**STATEMENT OF BRADLEY G. BELT, TO BE MEMBER OF THE  
SOCIAL SECURITY ADVISORY BOARD**

Mr. BELT. Thank you, Mr. Chairman, Senator Nickles, and members of the committee. I am honored to be here today as the nominee of the President to be a member of the Social Security Advisory Board.

It is a particular privilege to appear before this committee, as I have had the good fortune during my career in both the public and private sectors, including my tenures as Senate staffer, as counsel to the Senate Banking Committee just upstairs, to work with many members and staff of this committee on a variety of issues.

It is also personally gratifying, as I have had a longstanding interest in a program area that is an integral part of the social and economic fabric of our Nation.

In particular, I would note that I served as a member and executive director of the Bipartisan Commission on National Retirement Policy, which spent nearly 2 years examining a range of issues related to the structure and solvency of the Social Security and private pension systems. One of the distinguished members of this committee, Senator Breaux, served as a Congressional co-chair of that commission.

If I am confirmed, I would very much look forward to working with the dedicated members and staff of the Advisory Board to fulfill its important mission of providing independent and objective advice to the Congress, the administration, and the Commissioner of Social Security on Social Security and Supplemental Security Income policy.

I note that we are celebrating a birthday of sorts. It was about 10 years ago this month that this committee reported out legislation establishing the Social Security Administration as an independent Federal agency. That same measure which was ultimately enacted and signed into law also created as separate bipartisan advisory board.

The merits of this approach have been borne out by the important contributions the board has made since that time in fulfilling its statutory responsibilities. While much good work has been done, much more can yet be done.

The fact that OASDI and SSI programs touch the lives of the vast majority of Americans dictates that we continue to look for ways to strengthen and improve programs that represent a vital component in our Nation's economic security.

It is significant that 50 million beneficiaries and 150 million contributors have every right to expect that these programs be administered efficiently, fairly, and compassionately.

We have the obligation to future generations of Americans that the system will be able to provide them with the protection it promises against the day of their retirement and against the risks of disability or untimely death.

The coming months and years are clearly going to see critical decisions being made concerning Social Security and significant attempts to deal with both issues of administrative reforms and broader policy matters.

Mr. Chairman, it would be an honor and a privilege to have the opportunity to be part of the effort to address these and other important issues facing Congress, the President, and the Social Security Administration.

If confirmed, I would look forward to the challenge of helping to execute the important mission that this committee and the Congress have given to the Advisory Board. So, I would like to thank you for finding the time to hold this hearing at what, as a former Senate staffer, I know is an extraordinarily busy time.

I would be happy to answer any questions you may have, and I would respectfully request that my full statement be entered into the record. Thank you, Mr. Chairman.

The CHAIRMAN. Your whole statement, and everybody else's whole statement, will be entered into the record, if you want to summarize.

[The prepared statement of Mr. Belt appears in the appendix.]

The CHAIRMAN. Ms. Young?

**STATEMENT OF JENNIFER YOUNG, TO BE ASSISTANT SECRETARY FOR LEGISLATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Ms. YOUNG. Thank you, sir. I did want to thank you for taking the time to hold the hearing during this incredibly busy time. I know how hectic your schedule is right now, so I am particularly gratefully for you making the time to talk to us today.

It is a huge honor for me to be nominated by the President, and a great privilege to be afforded the opportunity, if confirmed, to serve as the Assistant Secretary for Legislation at the Department of Health and Human Services. It is particularly special for me to testify before this committee.

My time here continues to stand out as one of the most rewarding professional experiences of my career. I think the tradition that this committee has of close bipartisan collaboration, working toward important public policy goals is really something that I am very honored to have been a part of.

I also view the committee with a real degree of fondness, because while working here I met my husband. I am a little less fond right now since he could not make it to the hearing. [Laughter.] But I trust I will work through that.

Within HHS, the Assistant Secretary for Legislation serves as a senior advisor to the Secretary on all legislative matters. If confirmed, it would be my primary responsibility to work with you in this committee, and other committees in support of the administration's Health and Human Services agenda.

My role would essentially be to serve as your liaison to the department, and I would pledge to make certain that you receive from us whatever assistance you need, be it technical assistance on legislative priorities, to ensuring that your oversight requests are promptly attended to and your constituent needs are met.

Since my early years as a health staffer, I have worked on health care at both the State and Federal level. One of the real highlights of my career was working with Governor Voinovich on the implementation of the Medicaid program, which really helped make concrete to me the enormous impact the programs that we all on here can have on people's lives on a direct level.

Working for Ways and Means and Senate Finance, I know the importance of seeking advice and counsel from members on decisions and policies that the administration contemplates. I know that close collaboration between the administration and Congress is essential to moving any legislation forward.

I am very lucky to have excellent working relationships with many of the Senators and staffers on this committee on both sides of the aisle, and I look forward to continuing that, if confirmed.

I know we all share a commitment to ensuring the health and well-being of the American people. Much of that agenda is accomplished through the programs administered by the Department of Health and Human Services.

Medicare and Temporary Assistance for Needy Families serve our Nation's seniors and low-income populations and continue to be at the top of this committee's agenda, and we are very fortunate to be able to work with you to advance that agenda.

President Bush and Secretary Thompson are dedicated to ensuring that all of our programs are run efficiently and effectively so that we can provide the best possible benefits and coverage to our most vulnerable populations, and the oversight role that your committee has played certainly helps us keep on that track to achieving that goal.

I am very proud and honored by the opportunity to serve the President and our Nation, and I would like to especially thank Secretary Thompson for his steadfast leadership and his confidence in me to serve in this capacity. If confirmed, I will do my best to carry out the duties and obligations entrusted to me with dedication, enthusiasm, and compassion.

I thank you for the privilege of appearing before you today, and I of course would be pleased to answer any questions. Thank you, sir.

The CHAIRMAN. Thank you, Ms. Young.

[The prepared statement of Ms. Young appears in the appendix.]

The CHAIRMAN. Now, Mr. O'Grady?

**STATEMENT OF MICHAEL O'GRADY, TO BE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Mr. O'GRADY. Good morning, Mr. Chairman. Thank you for the opportunity to appear before you today. I appreciate the committee taking the time to hold this hearing. I know the committee has many pressing commitments.

I have submitted a formal statement for the record, which I will not read. I would like to highlight a few points from my written testimony.

My career, spanning more than 20 years, has been dedicated to providing policymakers with the most reliable, unbiased, highest-quality research and analysis available. Most of this work has been done for the U.S. Congress.

I have learned a tremendous amount about working within the political process to achieve consensus and sound reform. My Congressional experience began at the Congressional Research Service, where I spent more than a decade assisting Congressional committees and individual members in the analysis and development of legislative proposals. I am very grateful for that opportunity.

I learned two essential lessons at CRS that have served me well over the years. First, is the absolute necessity of providing policymakers with the most accurate and unbiased research. Such research is the foundation on which good policy is created.

Second, is the recognition that even the most sophisticated and rigorous research is useless unless it can be communicated in a straightforward manner that truly informs the policy discussion.

I further developed and expanded these skills at three Congressional committees established to advise Congress on Medicare policy: the Physician Payment Review Commission, the Medicare Payment Advisory Committee, and the Bipartisan Commission for the Future of Medicare.

At the Bipartisan Commission, I had the great opportunity to work with Senator Breaux, Senator Frist, and Senator Rockefeller. Here, I experienced first-hand the challenges of attempting to forge a policy and political compromise in an extremely controversial and complex area. It was a daunting challenge.

During the 106th Congress, I had the honor of working for Chairman Bill Roth on the health staff of the Finance Committee. I served as a senior policy advisor to Chairman Roth on issues involving long-term Medicare restructuring, the Medicare+Choice program, public/private plan competition, the design of Medicare prescription drug benefits, and Medicare's long-term financial viability.

My experience has not been limited to government. I worked for 2 years at the Health Policy think tank, Project Hope. This experience helped me better understand the dynamics of outside groups that provide research and recommendations to the government.

I think my tenure there better prepared me to work with outside organizations to ensure that the government gets the highest value from the research community.

Most recently, I served as the Senior Health Economist at the Joint Economic Committee. I had the pleasure of advising Senator Bennett on evolving issues of the uninsured, upward pressure on

health care spending, and the significant challenges and opportunities of emerging health care technologies.

The net effect of these experiences is a strong set of skills in the political, policy, and research worlds. I am both ready and excited about the opportunity to bring this knowledge and experience to the position of Assistant Secretary for Planning and Evaluation.

If the committee sees fit to confirm my nomination, I will do everything in my power to enhance the capabilities of the office of the Assistant Secretary of Planning and Evaluation, to improve the quality of the analysis and research available, to inform the decisions of the Secretary of the Department of Health and Human Services, the White House, and the Congress.

Finally, I want to add that my two decades of professional experience are matched by my three decades of living with juvenile onset diabetes. As a result, I have probably interacted with the health care system far more extensively than the average person my age.

I only mention this because this experience has sensitized me to the hard choices that patients face on a daily basis, the difficulties of sorting through their real treatment options, and the high personal, emotional, and financial costs of dealing with long-term, chronic illness.

I am excited professionally and personally about the opportunity, if confirmed, to work with all the members of the committee, and indeed your staffs, to address the compelling issues confronting the American people today. Thank you.

[The prepared statement of Mr. O'Grady appears in the appendix.]

The CHAIRMAN. Thank you all very much.

There are three questions that are traditionally asked of every nominee.

I will ask this to all of you, and then I will ask you to answer separately.

First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated? Mr. Belt?

Mr. BELT. No, Mr. Chairman.

The CHAIRMAN. Ms. Young?

Ms. YOUNG. No, sir.

The CHAIRMAN. Mr. O'Grady?

Mr. O'GRADY. No, sir.

The CHAIRMAN. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated? Mr. Belt?

Mr. BELT. No, Mr. Chairman.

Ms. YOUNG. No, sir.

Mr. O'GRADY. No, sir.

The CHAIRMAN. Third, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly-constituted committee of Congress, if you are confirmed?

Mr. BELT. Yes, Mr. Chairman.

Ms. YOUNG. Yes, sir.

Mr. O'GRADY. Yes, sir.

The CHAIRMAN. I am going to call on Senator Baucus. If you would like to make an opening statement and ask any questions at this point, you can do that.

**OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA**

Senator BAUCUS. Thank you very much, Mr. Chairman. Just a couple of words.

First, I congratulate each of the nominees. I think the most noble human endeavor is service. It is service to family, church, to friends, community. It is service. I commend all three of you for taking time off to serve. I know you each do in your various private capacities, family, friends and so forth, but here you are taking the big plunge into public service.

I just, again, thank all of you very, very much on behalf of a lot of American people who probably do not know, probably will never know you, but for whom you work very, very hard. I thank you for all that.

Mr. Chairman, the nominees before us, I understand, have credentials and experience and bring extensive background and knowledge directly related to their positions and have an interesting array of experiences that will no doubt strengthen their abilities.

Michael O'Grady brings a wealth of policy experience to his job as Policy Analyst at CRS, and more recently a member of the staff for Senator Roth, the former chairman of this committee. It is always a pleasure to welcome back former staff members, and particularly you, Mr. O'Grady. We look forward to working with you.

I would ask that you focus on a specific concern, though, as the new head of ASPE. Traditionally, ASPE has been a highly-regarded sponsor and originator of non-partisan social policy research and analysis that has made significant contributions to policy debates.

I have strong concerns about the direction of ASPE as taken under this administration. I am troubled to learn that it has become more political than policy. I believe this shift had something to do with the low staff morale there. I look forward to hearing from you, Mr. O'Grady, what you plan to do about that, because I think it is becoming a problem.

Jennifer Young is also no stranger to this committee. Jennifer also served on Senator Roth's Finance Committee team, in addition to stints on Ways and Means and the National Governors Association. We welcome you back, Jennifer, as well.

Ms. YOUNG. Thank you, sir.

Senator BAUCUS. Ms. Young has thorough knowledge of the issues that we are working on and she has served in the acting capacity of this job for the past 5 months. As such, she has played a central role in the Medicare conference negotiations. So, I have had the opportunity to work with her on almost a daily basis. It seems like we have been in that room forever. You have added, not detracted, and we do appreciate that.

Ms. YOUNG. Thank you, sir.

Senator BAUCUS. Finally, Bradley Belt has been appointed to serve in the important role of Member of the Social Security Advisory Board created in 1994 that made the Social Security Adminis-

tration an independent agency. The Social Security Advisory Board has produced many excellent reports about all aspects of Social Security. My staff and I found these reports to be quite valuable.

Mr. Belt has experience in this area. He gained it by serving as executive director of the National Commission on Retirement. Mr. Belt also has vast experience working in other areas of public policy. For example, he has served as senior vice president of the Center for Strategic and International Studies.

The Social Security Advisory Board has already issued a number of outstanding reports about the problems facing the disability portions of Social Security and Supplemental Security Income programs.

While I am concerned about all of these, I am especially concerned about the long periods of time that many applicants must wait before approval of disability benefits.

I want to just tell you, sir, that I have a person working for me in Montana on disability, who went out of her way to go all around the State and visit different offices to try to find out what in the world is going on here, why is the backlog so long.

She came back with some very good recommendations, which she has passed on to the Social Security Administration. You and I might, Mr. Belt, kind of follow up on that because it is a problem. The backlog is very embarrassing, it is so long.

Social Security Commissioner Barnhart is intent on fixing these, I know. Toward that end, she recently unveiled a new service delivery plan for these two programs. It is my understanding that the Social Security Advisory Board will be analyzing them.

I believe that the Finance Committee needs to have a hearing on this plan early next year, Mr. Chairman, and I hope we can schedule that at an early, appropriate time. I urge Mr. Belt to plunge into this, even before he is confirmed, let alone after.

I look forward to hearing your testimony, all of you. I know I can speak for the Chairman in saying that it is very much our intention to, on a bipartisan basis, work very closely with you. We are all a team. We can get more accomplished the more we exercise that approach.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. O'Grady, I would like to get your commitment that I and other members of the committee can look to you and your department for your technical support and counsel as we go forward on major, and often complicated, issues that involve the department. To me, as the Ranking Member just said, cooperation is the backbone to everything we do.

Could I have that commitment?

Mr. O'GRADY. Yes, sir.

The CHAIRMAN. Thank you.

Ms. Young, a critically aspect of my work is maintaining oversight of HHS, its operations, and activities. I have some specific concerns with respect to getting the department's cooperation. In that regard, ensuring that I receive prompt and complete responses to my letters or letters from anybody on the committee is important.

In that regard, do you commit to ensuring that I would be provided prompt and complete information each and every time I request it?

Ms. YOUNG. Absolutely, sir.

The CHAIRMAN. Also, Ms. Young, I utilize the General Accounting Office from time to time to examine issues at your department. Over the past year or so, I have noticed that the General Accounting Office is having more difficulty gathering information from the department.

Do you commit to ensuring that the General Accounting Office gets what it needs promptly? In fact, I have asked that the General Accounting Office report to me in the event that they notice delay tactics being used by the department.

Do we have an understanding? I do not want to have to chase the HHS down to help the GAO do its work, which I have found very essential for this committee doing its work.

Ms. YOUNG. Yes.

The CHAIRMAN. Then, lastly, not really a question, but I did want to get this on your radar screen. October 17, 2003, I sent a letter to the Secretary regarding a proposed regulation that would allow drug companies participating in the Medicaid drug rebate program to destroy documents after a 3-year period.

In that letter, I noted that such a regulation would adversely affect the False Claims Act, and whistleblowers, generally. I am presently awaiting a response to that letter.

In any event, I wanted to take this opportunity to state for the record and to see your assurances that any actions contemplated by the department always consider the impact that that action, regulation, guidance, or anything like that can have on the False Claims Act and on whistleblowers.

There is way too much fraud, waste and abuse in Medicare and Medicaid systems and I want to ensure that the False Claims Act is never weakened by the HHS, and I hope you can help us with that.

Ms. YOUNG. I will do my best, sir. I will follow up immediately on the substance of the letter you mentioned.

The CHAIRMAN. All right.

Then on October 29, which was just very recently, Senator Baucus and I sent a letter to the White House regarding the importance of getting a new HHS Inspector General nominated and confirmed.

Do you share my commitment in ensuring that HHS gets an Inspector General in the near future? And what actions can you take to ensure that happens in the near future? It has been 8 months now since I believe the Inspector General announced his resignation.

Ms. YOUNG. I have not been directly involved with the search for a new IG nominee. It is my understanding that we did have someone extremely close to sending up a name to you, and then he asked that his name be withdrawn for family reasons.

He was another Federal employee and he is retiring from government service. So, he has withdrawn from consideration and we are resuming the search with all due speed, and hope to have a name up to you shortly, sir.

The CHAIRMAN. And I want to compliment you on the answers to my questions, because that sort of cooperative attitude is what Senator Baucus was referring to. If we can have it, things will go very, very smoothly. Thank you.

Mr. Belt, as you know, the Social Security Advisory Board was created in 1994 to advise Congress and the President on matters related to Social Security and Supplemental Security Income programs.

Based on your knowledge of the board's activities, what do you believe are the most important issues that have to be addressed?

Mr. BELT. Mr. Chairman, and this directly goes to the comment that was made by the Ranking Member, Senator Baucus. A particular focus of the Advisory Board's work right now, as I understand it, is examination of the administration of the Disability Insurance program, which has been beset by a number of problems, as Senator Baucus noted.

Commissioner Barnhart has issued a set of policy recommendations and it is my understanding that the Advisory Board will begin to review those recommendations.

I certainly intend to dive into that, to use the phrase Senator Baucus did, and I would certainly represent to you and to him that, at a personal level, I would be delighted to meet with you and your staffs at your convenience to address those and related issues.

Obviously, the Advisory Board has a broader mandate as well and it has begun to look at some of the bigger policy questions regarding the structure and solvency of the Advisory Board. Of course, we would look forward to working with this committee and the staff on those matters as well.

The CHAIRMAN. Senator Baucus?

Senator BAUCUS. Yes, a few questions of Mr. O'Grady. As I indicated in my statement, I have some questions about the use of ASPE and how the use of the offices changed.

I just want to express my displeasure with the direction that this once-respected agency has taken. It has really been transformed from an analytic policy shop to a political spin operation, which I find most disturbing.

I say that because all of us who run for public office and who serve—it sounds kind of corny, but it is true—really want to do the right thing, want to do the best job we can, and we want to have the facts.

It is hard enough around here to make judgments because there are so many issues to address, and usually not enough time to go into the depth that we would like to go into to know, are we making the right decision or not.

It is disconcerting, to say the least, when there has been an office that has historically produced good stuff. By that, I mean just solid, factual, analytical material to help not only the Congress, but certainly the administration and the whole country to make good decisions.

I am sort of a believer in the old John Locke marketplace of ideas concept. That is, the more people have more ideas about how to solve a certain problem, the more likely it is they are going to come up with a pretty good one. But it has got to be honest. It has got to be in good faith, that is, the information.

On the other hand, an office—ASPE, for example—that no longer performs that function, but rather puts a political spin on things, it is disconcerting and disappointing.

And I know it is not your fault, because you are not there. But it is becoming your responsibility. You will certainly be there. I would just like to engage in a little honest-to-goodness dialogue with you as to why all this has happened, and what can be done about it, and how do we get back on track.

Mr. O'GRADY. All right. Good question, good point. I heard the same sort of concerns from the outside community and from the outside research and analytic community.

What I have done prior to appointment, is I have met with both political appointees, the senior civil servants, some of the civil servants who have left ASPE in recent years, to try and get a feel for exactly what was at the core of both a concern and how it affected morale, and to get things on course in terms of the most rigorous analysis that could be done, unbiased, nonpartisan.

I also went out and I sought the advice of the top management at CRS, GAO, and MEDPAC just to get their feel for, in terms of, how do you balance, how do you bring your staff along, how do you really get the best work out of folks to make sure that everything is sort of as straight as you would like.

They were very helpful in terms of giving advice on how to make sure different steps could be taken to make sure that the process ran along as smoothly as possible.

Part of what I have tried to do, I have been down as a consultant for a few weeks now and I have tried to make it quite clear, just the point you have made, that what the shop is about is to do good, straightforward analysis, let the science lead us, and to keep it as even-handed as possible.

The civil servants are certainly there to do the data, do the research, make sure that it is straightforward. If there is policy development that is being done for the administration otherwise, that is fine, and that is what political appointees do, but that the research going into that process is just as you described.

Senator BAUCUS. What happened? Why the decline?

Mr. O'GRADY. As you said, I was not there. From what I have been able to determine at this point, is that at the last year or two of the Clinton administration there was a little bit of a blurring of the lines between what the senior civil servants were doing and what the political appointees were doing.

That led to a situation of a certain amount of distrust when a new administration comes in. That then led to a situation where work was disrupted in terms of the way it normally went about, and that situation led to a certain amount of work either being done totally by the political appointees themselves or being done totally separately.

Now, in terms of thinking about how to fix that and how to get that back online, part of that is sending a strong signal that the type of work that is appropriate out of an agency like ASPE is the sort of unbiased, do-it-straight-by-the-book sort of analysis that we have expected. It is the sort of work I did for decades at CRS. It is the sort of work that I did at MEDPAC. It is exactly along the lines you are talking about.

Senator BAUCUS. Have you talked to anybody in the administration about this problem? That is, either Secretary Thompson, or anybody else in the administration?

Mr. O'GRADY. Only in terms of the idea of what the expectations were for me coming in, was that I was to make sure that it was done in as straightforward and as analytic a process as possible.

Senator BAUCUS. But is there anybody in the current administration, in your judgment, without naming names, or any intent for this operation to be more political than it should be?

Mr. O'GRADY. I have not received any kind of indication from anyone that they want me to tilt things in any particular direction. It is just, give the decision-makers the information they need.

Senator BAUCUS. Right. When was the Web site shut down? What date?

Mr. O'GRADY. I do not believe the Web site was shut down.

Senator BAUCUS. I am sorry?

Mr. O'GRADY. I was not aware that the Web site was shut down.

Senator BAUCUS. I correct that. It is research not being proposed on the Web site.

Mr. O'GRADY. I am not aware that research has been kept off the Web site. At this point, the Web site certainly needs a lot of work. It seems to need work that has nothing to do with partisan one way or the other.

It certainly is not state-of-the-art or easy for anyone to approach. But, certainly, I am more than happy to check and make sure that the Web site is as up to date as possible and that research is put on it as soon as it is ready.

Senator BAUCUS. All right.

Could you give us a report on how ASPE's research budget has been used in each of the last several years?

Mr. O'GRADY. The research budget has moved around, to a certain degree, between the different major components of ASPE. Part of that has to do with the legislative agenda and as proposals are coming up.

Part of it also had to do with, as people have left, there has not been as much work done in health policy. There has been much more in support of TANF and some of the other human services programs.

Senator BAUCUS. Could you get it, please, for the record?

Mr. O'GRADY. Oh, certainly. I will certainly get that.

Senator BAUCUS. For each year.

Mr. O'GRADY. Certainly.

Senator BAUCUS. All right.

Also, the use of the Web site.

Mr. O'GRADY. Certainly.

Senator BAUCUS. What has the staff turnover been in the last year or two? In the past 2 years, what has the staff turnover been?

Mr. O'GRADY. I am not sure, but I certainly can check that out and give you more specifics. There has been more turnover in health policy than any other parts of ASPE.

Senator BAUCUS. My understanding is that 20 out of 30 have left in the past 2 years. Does that sound right?

Mr. O'GRADY. That sounds high, but I will certainly verify it.

Senator BAUCUS. All right.

I have no further questions. I just urge you strongly to check on this.

Mr. O'GRADY. Yes. Just, if you would do me a favor. If this comes up again, contact me or have your staff contact me.

Senator BAUCUS. In that vein, knowing that you will lend a helping hand, that is, if things are getting out of whack, there are always ways to skin a cat.

Mr. O'GRADY. Right.

Senator BAUCUS. There are always ways for you to tell us. There is always a way if you want some help.

Mr. O'GRADY. Thank you.

Senator BAUCUS. You are welcome.

The CHAIRMAN. Thank you.

Mrs. Young, your husband is here. Would you like to introduce him?

Ms. YOUNG. This is J.T. Young. Thank you, sir.

The CHAIRMAN. Welcome.

There are no further questions. I might remind you of a couple of things to facilitate your nomination being approved by the Senate.

Number one is, as I have indicated in some of my questions, you said that you would get answers to us if we have questions pending. A lot of members hold up nominations because they are not getting responses from various departments.

The other thing is, I do not know if I will have any written questions or not, but there might be members who are not here that would have. So, we would like to have you get those back to us very quickly.

Congratulations to all of you.

Senator BAUCUS. I want to congratulate you, too, and urge you to go for it.

Ms. YOUNG. Thank you, sir.

Mr. BELT. Thank you.

Mr. O'GRADY. Thank you.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 11:44 a.m., the hearing was concluded.]



# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

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### PREPARED STATEMENT OF BRADLEY D. BELT

Mr. Chairman, Senator Baucus, and members of the Committee, I am honored to be here today as the nominee of the President to be a member of the Social Security Advisory Board.

If the Committee will indulge me, I would like to introduce my family – my wife Laura, and my daughters Madeline and Natalie – who are with me this morning for this special occasion.

It is a particular privilege to appear before this Committee, as I have had the good fortune during my career in both the public and private sectors, including my tenure as a Senate staffer, to work with many of the Members and staff of the Committee on a variety of issues.

It also is personally gratifying, as I have had a long-standing interest in a program that is an integral part of the social and economic fabric of our nation. In particular, I served as a member and executive director of the National Commission on Retirement Policy, a bipartisan body established by the Center for Strategic and International Studies, which spent nearly two years examining range of issues related to the structure and long-term solvency of Social Security and private pension systems. One of the distinguished members of this Committee, Senator Breaux, served as a Congressional co-chairs of that Commission.

And, if I am confirmed, I would very much look forward to working with the dedicated Members and staff of the Advisory Board to fulfill its important mission of providing independent and objective advice to the Congress, the Administration, and the Commissioner of Social Security on Social Security and Supplemental Security Income policy. It is noteworthy that, ten years ago this month, this Committee reported out legislation establishing the Social Security Administration as an independent federal agency. The same measure, which ultimately was enacted and signed into law, also created a separate, bipartisan Advisory Board.

The merits of this approach have been borne out by the important contributions the board has made since that time in fulfilling its statutory responsibilities. It has examined how well the agency provides service to the public. It has begun to assess the broader issues related to the long-range solvency of the program and Social Security's

critical role in ensuring retirement security for all Americans. It has issued reports on the stewardship responsibilities of the agency to assure that the public's funds are responsibly collected and expended. I want to offer my assurance to you that I am committed to upholding, and building upon, this record of accomplishment.

While much good work has been done, much more remains to be done. The fact that the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) touch the lives of the vast majority of Americans dictates that we continue to look for ways to strengthen and improve programs that represent a vital component in our Nation's economic security. The combined number of people receiving retirement, survivors, disability and SSI benefits under these two programs is now over 50 million—46 million under Social Security and another 4 million under SSI. For nearly two-thirds of those over age 65, Social Security payments constitute 50 percent or more of their income. But, Social Security is not just something of interest to retirees. Among those 50 million beneficiaries, about 10 million are getting payments because of their disability or that of a family member. And close to 7 million are receiving survivor benefits because of the untimely death of a family provider.

Nor is it just the 50 million beneficiaries who have an interest in the effective administration of the Social Security system. Over 150 million American workers are now paying Social Security taxes. For a family with two wage earners, each at the average earnings level of about \$35,000, the annual Social Security tax bill paid by them and their employers comes to over \$10,000 (about a fifth of which is for Medicare). This is a significant burden. Both beneficiaries and taxpayers have every right to expect that these programs be administered efficiently, fairly and compassionately. And, we have the obligation to future generations of Americans that the system will be able to provide them with the protection it promises against the day of their retirement and against the risks of disability or untimely death.

The coming months and years are clearly going to see critical decisions being made concerning Social Security and significant attempts to deal with both needed administrative reforms and broader policy issues. As you know, a particular area of Board attention in recent months has been the disability program, which has long been a problem area. The Board has made several recommendations for improvement and has called for fundamental change in how the program is administered. As you know, the Commissioner has recently responded by announcing a major restructuring of the disability claim adjudication and appeals processes and it is my understanding the board will be reviewing the Commissioner's recommendations.

Mr. Chairman, it would be an honor and privilege to have the opportunity to be part of the effort to address these and other important issues facing Congress, the President, and the Social Security Administration. If confirmed, I would look forward to the challenge of helping to execute the important mission that this Committee and the Congress have given to the Advisory Board.

So, I would like once again to thank you for finding time to hold this hearing at what, as a former Senate staff member, I know is a very busy time of year for you. I would be happy to answer any questions you may have.

**SENATE FINANCE COMMITTEE  
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
Bradley D. Belt
2. Position to which nominated:  
Member, Social Security Advisory Board
3. Date of nomination:  
September 3, 2003
4. Address: (List current residence, office, and mailing addresses.)  
Residence: 2915 34th Street, NW  
Washington, DC 20008  
Office: 8010 Towers Crescent  
Suite 410  
Vienna, VA 22182
5. Date and place of birth:  
October 11, 1958  
Waco, Texas
6. Marital status: (Include maiden name of wife or husband's name.)  
Married  
Spouse's maiden name is Laura Anne Lodge
7. Names and ages of children:  
Madeline Grace Belt, 8

Natalie Clare Belt, 5

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

Harvard University, JFK School of Government, Summer 1993, certificate for Senior Manager in Government Program

Georgetown University Law Center, Juris Doctor, 1984

University of Nebraska, B.S. in Business Administration, 1980

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

Federal Reserve Bank of Kansas City (1980-81)

Kansas City, MO

Financial Analyst

Wilmer, Cutler & Pickering (1982-84)

Washington, DC

Law clerk

Securities and Exchange Commission (1984-88)

Washington, DC

Counsel

Committee on Banking, Housing and Urban Affairs (1988-93)

Washington, DC

Counsel

Office of Senator John McCain (1993-94)

Washington, DC

Legislative director and general counsel

Center for Strategic and International Studies (1994-2000)

Washington, DC

Director, Vice President, Senior Vice President

The Commonwealth Group, LLC (1995-2000)

Washington, DC

Managing Director

FOLIOfn, Inc. (2000-02)

Vienna, VA

Vice President

Self-employed (2002-current)  
Vienna, VA

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

In addition to those listed above, I had a summer internship with the General Services Administration during college.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

FOLIOfn, Inc. - Officer  
Center for Strategic and International Studies - Officer  
Neptune, Inc. - Director  
Human Resource Services, Inc. - Advisory board  
Security Traders Association - Board of Governors  
Church Square, LLC - Board of Directors  
Capitol Solutions - Registered agent  
Washington Capital Group - Proprietor  
In addition, I have represented, served as a consultant to, or advised numerous companies and organizations while in private practice.

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

State Bar of New York  
Bar of the District of Columbia  
U.S. Supreme Court Bar  
American Bar Association  
Federal Bar Association  
Northern Virginia Technology Council  
Securities Industry Association (Technology and Regulation Committee)  
National Commission on Retirement Policy  
Commission on Global Aging  
Wintergreen Partners Inc.  
Wintergreen Property Owner's Association  
Beta Theta Pi  
Academic honorary organizations while in undergraduate and graduate school

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate.

None

- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

No official memberships or offices held, although I have been accorded "membership" in various Republican campaign organizations that typically accompany solicitations. I have engaged in some limited fundraising activities for various candidates, including the Presidential campaigns of George W. Bush, George H. W. Bush, Phil Gramm, and Bob Dole.

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

I do not have record of political contributions I have made during the past 10 years, which generally have been modest in number and amounts. My recollection is that \$1,000 contributions were made to the Presidential campaigns of George H.W. Bush and George W. Bush, and that I have made contributions in much lower amounts to Sen. Phil Gramm, Sen. John McCain, Sen. Bob Dole, and Mark Sanford.

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Eisenhower Fellowship  
JFK School of Government Fellowship  
Haus Rissen International Fellow  
University of Nebraska Masters Award for Distinguished Alumni  
Manuel F. Cohen Outstanding SEC Younger Lawyer Award  
I also received two or three academic scholarships for undergraduate studies.

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

I do not have a complete record of all materials I have written that have been published. Those of which I am aware include the following:

Strategic Implications of the Information Revolution (Electronic Industries Alliance/CSIS, January 2000) (with Dr. Michael J. Mazarr)  
"Rethinking National Retirement Policy" *The Washington Quarterly* (MIT Press)

Winter 1999)

"From the Industrial Age to the Information Age: Rethinking the Regulation of Securities Markets" *The Washington Quarterly* (MIT Press 1996)

"Replacing the Income Tax: Principles for a New Tax System" *CSIS Policy Report* (1996) (with Alexander T. Hunt)

"The New Conservatism in America: Evolution or Revolution?" *The Brown Journal of World Affairs* (Winter/Spring 1996) (with Alexander T. Hunt)

"The Intangibles: Political, Regulatory and Reputational Risks" *An Introduction to VAR*, Beckstrom and Campbell eds. (CATS 1995) (with George P. Stamas)

"Policing Foreign Trader Abuses in U.S. Markets: Enforcement Strategy Perspectives" 19 *Securities Regulation Law Journal* 366 (1992) (with Peter E. Millspaugh)

Op-eds published in *Financial Times*, *Barron's*, *Washington Post*, *Los Angeles Times*, *Chicago Tribune*, *Journal of Commerce*, *Washington Times*, *GlobalInvestment*, and *Christian Science Monitor*

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with **two** copies of each formal speech.)

I do not believe I have given any formal speeches on topics relevant to the position during the past five years.

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

I have a deep and abiding interest in policies affecting the retirement security of all Americans and relating to the Social Security program and private pension schemes. I have had the opportunity to be actively involved in the policy debate through my service as a member and executive director of the National Commission on Retirement Policy and the Commission on Global Aging, both sponsored by the Center for Strategic and International Studies. More generally, I have extensive experience in policy development and commitment to good governance.

#### **B. FUTURE EMPLOYMENT RELATIONSHIPS**

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

It is my understanding that this would not be required. The status of a member of the Social Security Advisory Board is that of a "special government employee" and is part-time and non-compensated. My further understanding is that all the

members of the Advisory Board hold outside, full-time employment positions.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

Yes, as noted in question 1 above.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

No.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes.

**C. POTENTIAL CONFLICTS OF INTEREST**

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

To the best of my knowledge, I do not have any investments, obligations, liabilities or relationships that would present a potential conflict of interest for the position to which I have been nominated.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

To the best of my knowledge, I have not had a business relationship, dealing, or financial transaction that that would present a potential conflict of interest for the position to which I have been nominated.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

As a principal in a government relations consulting firm, executive officer with

broad policy responsibilities at a public policy institute, and an officer of a regulated financial services firm, I have been extensively engaged in activities that may have directly or indirectly influenced the passage, defeat or modification of legislation affecting the administration and execution of law or public policy. In some cases, such activities were directly related to the interests of a client or firm with which I was associated, in other cases, such activities were more general in nature.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with **two** copies of any trust or other agreements.)

My intention is to avoid the appearance of or any actual conflict of interest. I would consult with the Office of Government Ethics should a potential conflict of interest arise.

5. **Two** copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

I believe the requested materials have been provided directly to the Committee staff by OGE.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

**D. LEGAL AND OTHER MATTERS**

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State,

county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

I would be pleased to provide such additional information as needed by the Committee or to answer any questions Members or staff may have.

**E. TESTIFYING BEFORE CONGRESS**

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Assuming that the information requested is relevant to the position, yes.

**STATEMENT FOR SENATOR BUNNING  
FINANCE COMMITTEE HEARING  
NOVEMBER 4, 2003  
NOMINATIONS**

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THANK YOU, MR. CHAIRMAN.

TODAY WE HAVE BEFORE US THREE NOMINEES TO VARIOUS POSITIONS THROUGHOUT THE FEDERAL GOVERNMENT. CONGRATULATIONS ON YOUR NOMINATIONS, AND I APPRECIATE THE TIME YOU HAVE TAKEN TO BE HERE TODAY.

BEING APPOINTED TO THESE POSITIONS IS A TREMENDOUS HONOR AND A BIG RESPONSIBILITY. YOU HAVE THE POTENTIAL TO AFFECT THE LIVES OF MILLION OF AMERICANS – NOT ONLY TODAY BUT IN THE YEARS TO COME. I HOPE YOU REMEMBER THIS WHEN YOU ARE MAKING DECISIONS AND RECOMMENDATIONS ON POLICY AND LEGISLATION.

THROUGH MY YEARS IN CONGRESS, I HAVE BEEN PARTICULARLY INTERESTED IN OUR SOCIAL SECURITY SYSTEM, AND ITS FUTURE FINANCIAL OUTLOOK. UNFORTUNATELY, THIS PROGRAM ISN'T IN GOOD SHAPE. ACCORDING TO THE TRUSTEES REPORT RELEASED EARLIER THIS YEAR, WE CAN EXPECT THE TRUST FUNDS FOR SOCIAL SECURITY TO BECOME INSOLVENT IN 2042.

WHILE THERE IS STILL SOME TIME TO MAKE CHANGES TO THE PROGRAM TO GET IT ON STRONG FINANCIAL FOOTING, WE NEED TO DO IT SOONER RATHER THAN LATER.

IF WE DON'T, I'M AFRAID THE TAX BURDEN ON OUR CHILDREN AND GRANDCHILDREN WILL BECOME INTOLERABLE.

MR. BELT, YOU HAVE A BIG JOB AHEAD OF YOU, AND I HOPE WE CAN ADDRESS THIS PROBLEM OVER THE NEXT YEAR OR SO.

GOOD LUCK TO EACH OF YOU, AND I AM LOOKING FORWARD TO ASKING YOU A FEW QUESTIONS. THANK YOU.

**STATEMENT OF MICHAEL JOSEPH O'GRADY, PH.D., TO BE  
ASSISTANT SECRETARY FOR PLANNING AND EVALUATION,  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Good morning Mr. Chairman, Ranking Member Baucus and members of the Committee. Thank you for the opportunity to appear before you today. I appreciate the committee taking the time to hold this hearing. I know the Committee has other pressing commitments.

I would like to introduce my wife, Sharon Natanblut, and our three children, Jordana, Alana, and Jake.

Our children told me that they are very pleased to be here today, and I, for one, am convinced that it has nothing to do with the fact that they are missing school.

The Assistant Secretary for Planning and Evaluation (ASPE) is the principal advisor to the Secretary of Health and Human Services on policy development in health, disability, aging, human services, and science and data; and provides advice and analysis on economic policy. The Office of the Assistant Secretary for Planning and Evaluation (OASPE) leads special initiatives on behalf of the Secretary, and provides direction for HHS-wide strategic, evaluation, legislative, and policy planning. The OASPE also is responsible for data and information policy development and coordination within HHS. Integral to this role, OASPE conducts research and evaluation studies, develops policy analyses, and estimates the cost and benefits of policies and programs under consideration by HHS, the Administration, or the Congress.

My career, spanning more than 20 years, has been dedicated to providing policymakers with the most reliable, unbiased, highest quality research and analysis available. Most of this work has been done for the U.S. Congress. I have learned a tremendous amount about working within the political process to achieve consensus and sound reform.

My congressional experience began at the Congressional Research Service, where I spent more than a decade assisting congressional committees and individual Members in the analysis and development of legislative proposals. I am very grateful for that opportunity.

I learned two essential lessons at CRS that have served me well over the years. First is the absolute necessity of providing policymakers with the most accurate and unbiased research. Such research is the foundation on which good policy is created.

And second, is the recognition that even the most sophisticated and rigorous research is useless unless it can be communicated in a straightforward manner that truly informs the policy discussion.

I further developed and expanded these skills at three Congressional Commissions established to advise Congress on Medicare policy: the Physician Payment Review Commission, the Medicare Payment Advisory Commission, and the Bipartisan Commission for the Future of Medicare.

At the Bipartisan Commission for the Future of Medicare I had the great opportunity to work with Senators Breaux, Frist and Rockefeller. Here I experienced first-hand the challenges of attempting to forge a policy and political compromise in an extremely controversial and complex area. This was a daunting challenge.

During the 106th Congress, I had the honor of working for Chairman Bill Roth on the health staff of the Finance Committee. I served as a senior policy advisor to Chairman Roth on issues involving long-term Medicare restructuring, the Medicare+Choice program, public-private plan competition, the design of a Medicare prescription drug benefit and Medicare's long-term solvency/financial viability.

My experience has not been limited to the Government. I also worked for two years at the health policy think tank, Project Hope, located in Bethesda, Maryland. This experience helped me better understand the dynamics of outside groups that provide research and recommendations to the Government.

I think my tenure there has better prepared me to work with outside organizations to ensure that the government gets the highest value from the research community.

Most recently, I served as the senior health economist at the Joint Economic Committee. I had the pleasure of advising Senator Bennett on the evolving issues of the uninsured, upward pressure on health care spending, and the significant challenges and opportunities of emerging health care technologies.

The net effect of these experiences is a strong set of skills in the political, policy, and research worlds. I am both ready and excited about the opportunity to bring this knowledge and experience to the position of Assistant Secretary for Planning and Evaluation.

If the Committee sees fit to confirm my nomination, I will do everything in my power to enhance the capabilities of the Office of the Assistant Secretary for Planning and Evaluation, to improve the quality of the analysis and research available to inform the decisions of the Secretary of the Department of Health and Human Service, the White House, and the Congress.

Finally I want to add that my two decades of professional experience are matched by my three decades of living with juvenile onset diabetes. As a result, I have probably interacted with the health care system far more extensively than the average person my age.

I only mention this because this experience has sensitized me to the hard choices that patients face on a daily basis, the difficulties of sorting through their real treatment options, and the high personal, emotional, and financial costs of dealing with long-term chronic illness.

I am excited professionally and personally about the opportunity, if confirmed, to work with all the members of this committee and indeed your staffs to address the compelling issues confronting the American people today.

Thank you.

#### RESPONSES TO QUESTIONS FOR THE RECORD

*Question 1.* Why is the public unable to access ASPE sponsored-research results on the HHS website any longer? To my knowledge, they have always been made available in the past. Do you support making ASPE-sponsored research available to the public? If not, why not?

*Answer.* I have personally spoken to the ASPE Webmaster and he is unaware of any problems with access to ASPE reports currently or in the past, but he is double checking to make sure. I strongly support making ASPE sponsored research available on the web, as the web provides a powerful means of disseminating new research and analysis.

*Question 2.* A recent ASPE report concluded that there is a malpractice "litigation crisis." Evidence for this conclusion was limited, and largely based upon 27 anec-

total examples of physicians and hospitals claiming to close their practice or limit services due to unaffordable malpractice premiums. In your opinion, does this report contain the kind of rigorous analysis that you would expect the agency to produce under your leadership?

*Answer.* I believe this question refers to the report titled “Addressing the New Health Care Crisis: Reforming the Medical Litigation System to Improve the Quality of Health Care” issued by ASPE on March 3, 2003. ASPE staff examined and synthesized peer reviewed research and evaluation publications, Congressional testimony, actuarial analyses, national and state data sources including the Medical Liability Monitor, National Practitioners Databank, State Departments of Insurance, the Institute of Medicine, and data available from the National Association of Insurance Commissioners. The anecdotes the question mentions were used to provide examples of the general and abstract data in the report and were used to demonstrate the real-world effect litigation is having on doctors’ practices and on Americans’ access to health care.

However, ASPE’s experience was similar to other researchers attempting to shed light on this important issue. I, and the ASPE researchers who wrote the report, concur that the data on this subject are not as complete as the analytic community would like. In fact, ASPE is in the process of conducting several studies to develop more rigorous data: One project is examining the functions, structure and outcomes of State Medical Boards (SMB) activities regarding the discipline or counseling of physicians. A second project is examining issues in nursing home liability.

If confirmed, I will ensure that ASPE continues its efforts to improve both the quality of the data and the rigor of the research on this important issue.

*Question 3(a) and 3(b).* Two examples of ASPE-funded reports that have not been published on the ASPE website are (1) a report on the distribution of Disproportionate Share Hospital payments under Medicare and Medicaid and with an analysis of alternative allocation policies would improve the distribution of funds to safety net hospitals; an (2) supporting reports for the independent evaluations of the State Children’s Health Insurance Program. Why have these reports not been placed on the HHS website? If confirmed, will you restore the policy of making ASPE-funded research available and accessible to the public and the policy research community?

*Answer 3(a).* After lengthy discussion with the ASPE staff involved, I can find no reason why the study on Disproportionate Share Hospitals has not been placed on the web site, other than as an administrative oversight. I have recommended it be placed on the web site. If confirmed, I will ensure that it is placed on the web site.

*Answer 3(b).* I have explored the status of SCHIP evaluation and can report the following to the Committee: On February 26, 2003, ASPE released the Interim Report to Congress. The interim report is on the ASPE website. The final SCHIP report, with supporting reports, is behind schedule, but has a planned completion date of Spring 2004. Once the final report has been reviewed and met quality standards, I can see no reason why it should not join the interim report on the ASPE web site. I strongly support making ASPE sponsored research available on the web.

In addition to the Committee’s written questions, Ranking Member Baucus raised several specific questions during the hearing. The first question focused on the use of the website. That question is answered my response to the first written question.

The second question focused on how the ASPE research budget has been distributed over in recent years. ASPE spending and planned spending is detailed below for FY2002 and FY2003 by office within ASPE and categorized by “policy research”, “evaluation projects”, and “interagency transfers”.

Office of the Assistant Secretary for Planning and Evaluation Approved FY 2002 Policy Research and Evaluation Projects								
	Policy Research		Evaluation Projects		Interagency Transfer	Total		Date: 05- Nov- 2003
	Planned	Award	Planned	Award	Award	Planned	Award	
<b>Disability, Aging and Long-Term Care Policy</b>								
Office of DALTC Total	1,867,013	3,780,368	5,543,487	3,700,588	435,611	7,410,500	7,916,545	
<b>Health Policy</b>								
Office of HP Total	370,000	217,000	373,000	273,000	3,000	743,000	493,000	
<b>Human Services Policy</b>								
Office of HSP Total	9,191,500	6,674,446	2,350,000	2,937,364	5,973,505	11,541,500	15,785,315	
<b>Immediate Office</b>								
Office of IO Total	3,402,125	650,057	1,222,783	202,125	0	4,624,908	852,182	
<b>Science Policy</b>								
Office of SP Total	400,000	340,000	1,315,000	1,394,000	0	1,715,000	1,734,000	
<b>ASPE Total</b>	<b>15,230,638</b>	<b>11,861,869</b>	<b>10,804,270</b>	<b>8,507,057</b>	<b>6,412,116</b>	<b>26,034,908</b>	<b>26,781,042</b>	

Office of the Assistant Secretary for Planning and Evaluation Approved FY 2003 Policy Research and Evaluation Projects								
	Policy Research		Evaluation Projects		Interagency Transfer	Total		
	Planned	Award	Planned	Award	Award	Planned	Award	
<b>Disability, Aging and Long-Term Care Policy</b>								
Office of DALTC Total	4,787,825	4,916,013	4,869,231	2,230,960	500,000	9,657,056	7,646,973	
<b>Health Policy</b>								
Office of HP Total	896,924	502,870	423,589	344,000	0	1,120,523	846,870	
<b>Human Services Policy</b>								
Office of HSP Total	6,343,337	6,355,651	4,052,083	5,166,019	2,696,873	10,395,420	14,220,543	
<b>Immediate Office</b>								
Office of IO Total	3,594,659	1,038,500	1,643,125	1,038,500	16,000	5,237,784	2,093,000	
<b>Science Policy</b>								
Office of SP Total	970,000	174,903	1,800,000	0	0	2,770,000	174,903	
<b>ASPE Total</b>	<b>16,392,745</b>	<b>12,987,937</b>	<b>12,788,038</b>	<b>8,779,479</b>	<b>3,214,873</b>	<b>29,180,783</b>	<b>24,982,289</b>	

As I mentioned during the hearing, spending will shift depending on the particular issues currently or soon to be under policy discussion and the type of research needed, e.g., surveys, field hearings or modeling. Given this consideration, if confirmed, my judgment would be to direct future spending more into the health policy research area.

Senator Baucus' third question focused on attrition at ASPE. He had the impression that 20 out of 30 career civil servants had left ASPE within the last year or two. ASPE has about 100 full-time employees at any particular time. In FY 2002, 17 employees left ASPE, 12 new employees were hired. In FY 2003, 11 employees left ASPE, five new employees were hired. As a percentage of the ASPE workforce, these numbers are significantly lower than the estimates that generated Senator Baucus' concern. Still, if confirmed, a first priority would be to strengthen the staff in certain essential areas, such as health policy.

**SENATE FINANCE COMMITTEE  
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
Michael Joseph O'Grady
2. Position to which nominated:  
Assistant Secretary for Planning and Evaluation  
Department of Health and Human Services
3. Date of nomination: July 23, 2003.
4. Address: (List current residence, office, and mailing addresses.)  
7509 Vale St, Chevy Chase, MD 20815 (home)  
405F HHH  
200 Independence Ave. SW  
Washington, DC 20201 (office)
5. Date and place of birth:  
September 6, 1953  
Buffalo, NY
6. Marital status: (Include maiden name of wife or husband's name.)  
Married - Sharon Lee Natanblut
7. Names and ages of children:  
Jordana - 17  
Alana - 14  
Jake - 10

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

University of Rochester, Rochester, NY  
- attended 1975-1979, Ph.D. 1986.  
Alfred University, Alfred NY  
- attended 1971-1975, BA 1975.  
Orchard Park High School, Orchard Park, NY  
- attended 1969-1971.

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

U.S. Department of Health, Education and Welfare/Department of Education,  
Office for Civil Rights, Washington, DC - Social Science Analyst. 6/79 - 10/82.

Congressional Research Service, Library of Congress, Washington, DC - Analyst  
in Social Legislation. 10/82 - 7/96.

Physician Payment Review Commission/Medicare Payment Advisory  
Commission (MedPAC). Washington, DC - Senior Health Analyst. 7/96-4/99.

Bipartisan Commission for the Future of Medicare. Washington, DC - Senior  
Health Analyst (detailed from MedPAC 5/98-4/99).

Senate Finance Committee - Majority Staff (Chairman Roth). Washington, DC -  
Health Analyst. 4/99-1/01.

Project HOPE, Center for Health Affairs. Bethesda, MD - Senior Research  
Director. 3/01-1/03.

Joint Economic Committee. Washington, DC - Majority Staff (Chairman  
Bennett). Senior Health Economist. 1/03-9/03.

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

n/a

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

n/a

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Juvenile Diabetes Research Foundation International (on and off over the last ten years, no position held).

American Diabetes Association (on and off over the last ten years, no positions held).

Chevy Chase PTA (family membership ten years, no positions held).

Chevy Chase Recreational Association (community pool), 2001-present (no position).

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate.

n/a

- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Took annual leave to work for Senator Roth's reelection campaign, election day, 2000.

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

Connie Morella for Congress 2002 - \$250

Lynn Rivers for Congress 2002 - \$200

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Library of Congress, Quality Step Increase, October 1994.  
 Congressional Budget Office, Director's Certificate of Appreciation, February 1994.  
 Library of Congress, Quality Step Increase, July 1993.  
 Library of Congress, Special Achievement and Cash Award, June 1990.  
 Library of Congress, Special Achievement and Cash Award, August 1989.  
 Library of Congress, Award for Meritorious Service, May 1988.  
 Library of Congress, Special Achievement and Cash Award, October 1987.  
 Library of Congress, Special Achievement and Cash Award, November 1986.  
 Library of Congress, Special Achievement and Cash Award, May 1985.  
 Library of Congress, Special Achievement and Cash Award, November 1983.

15. **Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)**

O'Grady Michael J., "Medicare+Choice: Plan Withdrawals, Enrollment Changes and Policy Goals of the Program, (Or Why All Plan Withdrawals Are Not Created Equal)." January 2003. Submitted to: Robert Wood Johnson Foundation (awaiting publication).

O'Grady Michael J., "Designing A Medicare Drug Benefit: Balancing Government-Based and Market-Based Approaches The Implications For Rural Beneficiaries," Final Report, December 3, 2002. Submitted to: Office of Rural Health, Department of Health and Human Services.

O'Grady, Michael J. Ph.D., Curt D. Mueller, Ph.D. and Gail R. Wilensky, Ph.D., "Essential Research Issues in Rural Health: The State Rural Health Directors' Perspective". The Project HOPE Walsh Center for Rural Health Analysis, January 2002. Submitted to: Office of Rural Health, Department of Health and Human Services.

O'Grady, Michael J. Ph.D., Curt D. Mueller, Ph.D. and Gail R. Wilensky, Ph.D., "How State Rural Health Directors Obtain Policy-Relevant Research Information". The Project HOPE Walsh Center for Rural Health Analysis, January 2002. Submitted to: Office of Rural Health, Department of Health and Human Services.

O'Grady Michael J., "The Impact Of Regulatory And Technological Changes On The Cost Of Inpatient Blood And Blood Products: Implications For Medicare" Final Report. November 6, 2001. Submitted to: Medicare Payment Advisory Commission, U.S. Congress.

O'Grady, Michael, Ph.D. and Christopher Hogan, Ph.D., "Modernizing Medicare Fee-For-Service", Medicare Payment Advisory Commission, prepared for APPAM Research Conference New York, New York, October 1998.

O'Grady, Michael, and Christopher Hogan, "Competitive Premium Contributions Models: Issues for Medicare," 1997 Annual Report to Congress, Physician Payment Review Commission, Chapter 9, March 1997.

**16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)**

Testimony Before the Subcommittee on Health of the House Committee on Ways and Means. Hearing on Medicare Payments for Currently Covered Prescription Drugs, October 3, 2002.

Testimony Before the Subcommittee on Health of the House Committee on Ways and Means. Fourth In Series of Hearings On Medicare Reform: Medicare+Choice: Lessons For Reform, May 1, 2001

**17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)**

The Assistant Secretary for Planning and Evaluation (ASPE) is the principal advisor to the Secretary of the U.S. Department of Health and Human Services on policy development, and is responsible for major activities in the areas of policy coordination, legislation development, strategic planning, policy research and evaluation, and economic analysis. My career, spanning more than 20 years, has been dedicated to providing policymakers with the most reliable, highest quality research and analysis and working within the political process to achieve consensus and sound reform.

During the 106th Congress, I had the honor of working for Chairman Bill Roth on the health staff of the Finance Committee. My responsibilities at the Committee focused primarily on Medicare reform issues. I served as a senior policy advisor to Chairman Roth on issues involving long-term Medicare restructuring, the Medicare+Choice program, public-private plan competition, the design of a Medicare prescription drug benefit and long-term Medicare solvency/financial viability. I assisted the Chairman in the development of legislative proposals and Committee policy documents. I drafted the Medicare+Choice and prescription drug titles of the Chairman's Mark of the 1999 and 2000 Balanced Budget Act refinement packages.

Before going to the Finance Committee staff, I served on the two major commissions established by Congress to examine Medicare reform - the Medicare

Payment Advisory Commission and the Bipartisan Commission on the Future of Medicare. Most recently, I served as the senior health economist at the Joint Economic Committee.

From 1982 to 1996, I worked for the Congressional Research Service assisting congressional committees and individual Members in the analysis and development of legislative proposals. During this time, I developed computer models to simulate the effects of numerous legislative proposals across different policy areas, including the development of the Federal Employees Retirement System (FERS), the Thrift Savings Plan (TSP), the Federal Employees Health Benefits Program, and health insurance proposals to reduce the number of uninsured and to reform Medicare.

I hold a doctorate in political science with special emphasis on policy analysis and quantitative modeling.

The net effect of these experiences is a strong set of skills and experience in the political, policy, and research worlds. I am both ready and excited about the opportunity to bring the knowledge and experience of more than 20 years to the position of Assistant Secretary for Planning and Evaluation. If the Committee sees fit to confirm my nomination, I will do everything in my power to enhance the capabilities of the Office of the Assistant Secretary for Planning and Evaluation, to improve the quality of the analysis and research available to inform the decisions of The Secretary of the Department of Health and Human Service, the President and the Congress.

#### **B. FUTURE EMPLOYMENT RELATIONSHIPS**

1. **Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.**

Yes, I will sever all ties.

2. **Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.**

I have no such plans.

3. **Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.**

No.

4. **If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.**

Yes, I plan to serve at least to the next election, and hopefully beyond.

**C. POTENTIAL CONFLICTS OF INTEREST**

1. **Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.**

None - my investments are all through the Federal Employees' Thrift Savings Plan and my obligations/liabilities are only a traditional home mortgage.

2. **Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.**

None - for eight of the last ten years I was a federal employee and the other two years were spent as a healthy policy researcher at a non-profit think tank. Project Hope.

3. **Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.**

None

4. **Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)**

I intend to follow any limitations detailed in my ethics agreement, e.g., limiting dealings with my prior employer, Project Hope.

5. **Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics**

concerning potential conflicts of interest or any legal impediments to your serving in this position.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

**D. LEGAL AND OTHER MATTERS**

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

DC Small Claims Court, September 1991. I had to file in Small Claims Court to get back a security deposit on a house I had sold and was renting back from the purchaser. The case was mediated and never went before the judge.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. **Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.**

**E. TESTIFYING BEFORE CONGRESS**

1. **If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?**

Yes.

2. **If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?**

Yes.



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of the Assistant Secretary  
for Legislation

Washington, DC 20201

**STATEMENT OF JENNIFER BAXENDELL YOUNG  
NOMINEE TO BE THE ASSISTANT SECRETARY OF LEGISLATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
BEFORE THE SENATE FINANCE COMMITTEE**

Chairman Grassley, Ranking Member Baucus, and members of the Senate Finance Committee, thank you for inviting me to appear before you today during this hectic time of year. I know how incredibly busy you are, and I am very grateful that you have taken the time to focus on nominations when you have so many other more pressing priorities.

It is an honor to be nominated by the President and a great privilege to be afforded the opportunity to serve as the Assistant Secretary for Legislation at the Department of Health and Human Services. It is particularly special for me to testify before this committee where I worked for three years on the health policy team under Chairman Roth. My time at the Committee continues to stand out as one of the most rewarding professional experiences of my life. I will always view the Committee with a real degree of fondness, because it was also a very personally rewarding experience – while working here, I met my husband, JT, who is also an alumni of the committee staff.

Within HHS, the Assistant Secretary for Legislation serves as the senior advisor to the Secretary on all legislative matters. If confirmed, it will be my primary responsibility to work with this and other committees in support of the Administration's health and human services agenda. My role would be to serve as your liaison to the Department. I will make certain that you are receiving from us whatever assistance you desire as you undertake the committee's important business, ranging from technical assistance on new legislative initiatives to ensuring that your oversight requests are promptly attended to and your constituent needs are met.

Since my early years as a House staffer, I have worked on health care issues at both the state and federal level. While working for Governor Voinovich, I oversaw the implementation of Ohio's Medicaid waiver program. Having worked for both the House Ways and Means Committee and the Senate Finance Committee, I know the importance of seeking your advice and counsel on decisions and policies. Close collaboration between the Administration and Congress is essential to moving important legislation. I have excellent working relationships with many of the Senators and staffers here today, and I look forward to continuing them if confirmed.

We all share a commitment to ensuring the health and well-being of the American people, most notably through such vital programs as Medicare and Temporary Assistance for Needy Families, which serve our nation's seniors and low-income populations. President Bush and Secretary Thompson are dedicated to ensuring all of our programs are run efficiently and effectively so that we can provide the best possible benefits and coverage to our nation's most vulnerable populations.

I am proud and honored by this opportunity to serve the President and our great Nation. I would also like to thank Secretary Thompson for his steadfast leadership and confidence in me to serve in this capacity. If confirmed, I will do my best to carry out the duties and obligations entrusted to me with dedication, enthusiasm, and compassion. Thank you for the privilege of appearing before you today. I would be pleased to answer any questions. Thank you.

**RESPONSES TO QUESTIONS FOR THE RECORD**

*Question 1.* What is the Administration's position on merging the Medicare trust funds into a single unified fund? And would the Administration support placing a cap or limit on Medicare spending in any way?

*Answer.* The President is committed to preserving the Medicare entitlement for current retirees and for future generations. The Administration is working with conferees to develop a mechanism that will encourage Congress to address the instability in long-term program funding of Medicare that is a problem for the current

program. The proposal would not include a cap on general revenue contributions to the program. Instead, it would require trustees to monitor the level of general revenue transfers into the program.

*Question 2.* What is the Administration's view on premium support? Does the Administration support the premium support proposal in the House-passed Medicare bill? And if not, what changes to the House policy would the Administration propose?

*Answer.* The Administration believes that all Medicare beneficiaries should be able to choose between receiving their Medicare benefits through the traditional program or through private plans, and we would support competition between the various options. However, the Administration believes that the premiums of low-income populations, current retirees, and those nearing retirement age should not be affected by this competition.

*Question 3.* The Administration has suggested that Congress create a "stabilization fund" to attract and retain regional PPOs—up to \$20 billion to be spent over the next 10 years. Can you elaborate on the Administration's rationale for this proposal?

*Answer.* The Administration believes that a stabilization fund will help ensure that Medicare beneficiaries across America will have the same kinds of choices among health care options as federal employees enjoy today.

*Question 4.* In its State of Administration Policy (SAP) on the Senate-passed prescription drug bill, the Administration expressed concern regarding the Senate's fallback provisions. Would you please elaborate on the Administration's concerns? Don't you agree that having a strong fallback provision is critical to ensuring that seniors in Montana and other rural states receive prescription drug coverage?

*Answer.* The Administration is committed to ensuring that all beneficiaries have access to prescription drug coverage. We have been concerned that the existence of the so-called "hard fallback," through which the federal government would assume 100% of the risk of the costs of providing a prescription drug benefit, would serve as a disincentive for private plans willing to bear risk to participate in the new market, thus limiting choices for beneficiaries.

**SENATE FINANCE COMMITTEE  
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

**A. BIOGRAPHICAL INFORMATION**

**1. Name: (Include any former names used.)**

Jennifer Baxendell Young  
maiden name - Jennifer Elizabeth Baxendell

**2. Position to which nominated:**

Assistant Secretary for Legislation, Department of Health and Human Services

**3. Date of nomination:**

September 3, 2003

**4. Address: (List current residence, office, and mailing addresses.)**

Home: 2511 King Street  
Alexandria, VA 22301

Office: Department of Health and Human Services  
200 Independence Avenue, SW  
Room 416G  
Washington, DC 20201

**5. Date and place of birth:**

March 21, 1969  
Pittsburgh, Pennsylvania

6. **Marital status: (Include maiden name of wife or husband's name.)**  
Married to James Thomas Young
7. **Names and ages of children:**  
None
8. **Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)**
- |               |   |
|---------------|---|
| High school – | Bellevue Senior High School, Bellevue, Ohio<br>September 1983 – June 1987<br>Graduated June 1987        |
| College -     | Georgetown University<br>September 1987 through May 1991<br>Bachelor of Arts, Magna Cum Laude, May 1991 |
9. **Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)**
- Deputy Assistant Secretary for Legislation (Health)/and now Acting Assistant Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20001  
October 2002 - present
- Executive Director, Public Programs  
American Association of Health Plans  
1129 20<sup>th</sup> Street, NW, Suite 600  
Washington, DC 20036  
January 2002 – October 2002
- Senior Health Policy Advisor  
Committee on Ways and Means  
US House of Representatives  
1100 Longworth House Office Building  
Washington, DC 20515  
February 2001 – January 2002

Senior Health Policy Advisor  
Committee on Finance  
US Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510  
August 1998 – January 2001

Director of Health Legislation  
National Governors' Association  
400 North Capitol Street  
Washington, DC 20001  
September 1996 – August 1998

Special Assistant to the Governor  
Office of Gov. George Voinovich, State of Ohio  
77 South High Street, 30<sup>th</sup> Floor  
Columbus, Ohio 43266  
March 1995 – September 1996

Associate Director  
State of Ohio Washington Office  
400 North Capitol Street  
Washington, DC 20001  
February 1994 – March 1995

Legislative Assistant  
Office of Congressman Paul Gillmor  
US House of Representatives  
1203 Longworth House Office Building  
Washington, DC 20515  
February 1989 – February 1994

10. **Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)**

None

11. **Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)**

As listed above, in the past I have worked for two trade associations – for the National Governors' Association and for the American Association of Health Plans. I have no ongoing relationship with either association.

**12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)**

Member, Board of Directors, Barbara Jordan Fellowship Intern Program  
(affiliated with the Kaiser Family Foundation)

**13. Political affiliations and activities:**

**a. List all public offices for which you have been a candidate.**

None

**b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.**

Member, Republican Party, State of Virginia – Present  
Member, Republican Party, State of Maryland – 1997 – 2002  
Member, Republican Party, District of Columbia 1991 – 1995, 1996-1997  
Member, Republican Party, State of Ohio, 1995-1996

Active in Delaware Republican Party get-out-of the vote campaign in 2000, distributing literature and yard signs throughout the campaign season, coordinating in meet and greet events in senior centers, and acting as a voter id/checker-challenger on Election Day.

**c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.**

I have made financial contributions to many Republican candidates, but they have all been small.

**14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)**

National Merit Scholarship, Georgetown University  
Numerous professional performance bonuses and promotions

15. **Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)**

None

16. **Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)**

I have given numerous informal presentations for the Washington health policy community, but not the sort of events that involved formal prepared speeches.

17. **Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)**

Throughout my career, I have worked on the professional committee staff of both the Senate Finance Committee and the House Ways and Means Committee, two of the primary constituencies for the Department of Health and Human Service's legislative work. In addition, I have been the Deputy Assistant Secretary for the past year, during which time I have had an opportunity to learn first hand what the job entails, and I have been able to observe the primary importance of close and effective partnership and communication between the Administration and our Congressional partners. Finally, I have been serving as Acting Assistant Secretary since June, when Scott Whitaker, the incumbent, became the Department's Chief of Staff.

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

1. **Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.**

I already work for the Department of Health and Human Services, as Deputy Assistant Secretary for Legislation, serving in the capacity of Acting Assistant Secretary. Therefore, I will not sever all connections with my present employer. I have no other 'connections.'

2. **Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.**  
No
3. **Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.**  
No
4. **If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.**  
Yes

**C. POTENTIAL CONFLICTS OF INTEREST**

1. **Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.**  
None. Our investments are limited to broad based funds, and we have no obligations or liabilities other than a mortgage.
2. **Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.**  
None
3. **Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.**

When I worked for the National Governors' Association I lobbied directly on behalf of the nation's governors on their health care legislative priorities, focusing mainly on Medicaid and the State Children's Health Insurance Program. When I worked for the American Association of Health Plans, I did not lobby, but I did background policy work on issues including Medicare and the uninsured.

4. **Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)**

I do not believe there are any potential conflicts of interest, but obviously if anything were identified I would immediately rectify it.

5. **Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.**

As noted above, no potential conflicts or legal impediments have been identified.

6. **The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:**

**Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.**

Not applicable.

**D. LEGAL AND OTHER MATTERS**

1. **Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association,**

disciplinary committee, or other professional group? If so, provide details.

No

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

**E. TESTIFYING BEFORE CONGRESS**

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes

