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Opening Statement of Senator Chuck Grassley
Finance Committee Hearing on Prescription Drugs
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Let me preface my comments by noting that I was pleased to learn from Director Crippen's testimony that Medicare spending is now projected to be $80 billion lower over the coming decade than was previously projected. As far as I'm concerned, that money should be spent on Medicare beneficiaries, not for other purposes.

I applaud President Bush for his commitment to making Medicare better serve beneficiaries. The biggest flaw in Medicare today is its failure to cover prescription drugs. The President highlighted this during his campaign, and he's continued to reach out to Congress, seeking to work together. It should come as no surprise to anyone who knows this President that he is standing by the commitments he made on the campaign trail.

In terms of congressional action on a drug benefit, several crucial developments are coming up in the next month or so. The first is the budget process. Last year, I was pleased to work with Senator Snowe to create a $300 billion reserve fund to improve Medicare, including adding drug coverage. Whether both houses of Congress will be able to agree on a budget resolution by the April 15 deadline this year is an open question; I certainly hope so. But if we're not, then that $300 billion figure will remain in force. So that number may continue to be a very important one. We'll know more on April 15.

Another critical factor in the next month will be the Congressional Budget Office's input on the costs of prescription drug proposals. Today, Director Crippen is starting this process by presenting CBO's new projection of drug spending. In the following weeks, CBO will be re-estimating existing proposals, which will set the stage for scoring new ones. Between this effort and the budget process, it will begin to become clear in April what parameters this committee will need to work within.

Now, as you know, a group of us on the Finance Committee are working to develop a comprehensive bill to strengthen and improve Medicare, including adding a prescription drug benefit that is affordable to beneficiaries, and affordable to our nation. I appreciate Senator Kerrey's reminder of the big picture of Medicare and the federal budget as a whole; to focus on the drug benefit in isolation would be an irresponsible luxury -- one we can't afford.

Director Crippen's testimony reminds us that drug costs are growing explosively, and that we must make sure any benefit is delivered in the most cost-efficient, competitive manner. We owe it to all Americans to make sure there's no waste in a new Medicare drug benefit.

Another thing we must do is ensure that the drug benefit works just as well for beneficiaries in rural America as it does for others. Rural seniors cannot afford for us to repeat the mistakes of the past, with payments or delivery systems that discriminate against low-cost areas. My bill will definitely be one that works for rural America. And by the way, while the existing Medicare fee-for-service system is not the focus of this hearing, I want to make it clear that I'll be fighting for more equity in Medicare payments this year. For the people I represent, that's just as much a part of strengthening and improving Medicare as adding a drug benefit.

Will we achieve a comprehensive new drug benefit this year? There will always be a temptation to let the best be the enemy of the good. Some say that proposals to spend sums of money that are obviously unsustainable, in the larger context of Medicare and the budget as a whole, have been a death knell to the chances of getting a drug benefit done. Well, I think the key to finding agreement is to meet in the middle. Let's do that and see what we can get done.