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Press_Office@finance-rep.senate.gov

Opening Statement of Senator Chuck Grassley
Senate Finance Committee Hearing
“Charting a Course for Health Reform: Moving Toward Universal Coverage”
Wednesday, March 14, 2007

Thank you, Chairman Baucus, for holding this hearing today. The health care system we have in place today is not sustainable, plain and simple. Last year health care spending exceeded \$2 trillion, more than 16 percent of the GDP. Costs continue to climb and there is no expectation they will stop. By 2015, health care spending is expected to reach \$4 trillion, about 20 percent of the GDP. So everyone can relate to what those numbers mean, I can tell you that, on average, every American spent nearly \$7,000 on health care last year. In 2015, that number will climb over \$12,000 per person.

The financial burdens of health care costs are being felt by American business. Employers are finding it increasingly challenging to compete in the international market against foreign companies that are not required to directly provide health coverage for their employees. For example, ATT spends \$5 billion annually on health care costs for 1.2 million employees. The United States Chamber of Commerce reported that medical expenses accounted for most of the rising employee benefit payroll costs paid by employers. As a consequence, in 2005 employer-sponsored health insurance now only covers 61 percent of the non-elderly population – a drop of more than 8 percent since 2000.

Most working Americans do have health insurance coverage. But the Census Bureau estimates that over 46 million Americans are without health insurance and the vast majority of those people are employed. Sixty-nine percent of the uninsured are in families with at least one full-time worker and another 11 percent are in families with at least one part-time worker.

There are many reasons why Americans are uninsured. Since the vast majority of the uninsured, 65 percent, are in families with incomes of less than 200% of the federal poverty, cost is certainly a factor. Clearly, the cost of insurance has forced many Americans to put their health at risk by going without insurance. But, the adverse effects of the uninsured are not limited to the uninsured themselves. There is also great cost to the community – to me, you, taxpayers, consumers, providers, and so on. The Institute of Medicine estimates the uninsured population costs society somewhere between \$65 billion and \$135 billion.

Mr. Chairman, this situation is untenable. But I am heartened by the fact that we are seeing more

new policy ideas as more people realize the seriousness of the situation. In his budget, the President has provided us an outline to consider in looking for ways to cover the uninsured. It is not perfect, but it is a place for us to start. The President gets us started on using the tax code to create incentives, along with the public-private partnership of his Affordable Choices Initiative. Real solutions for the uninsured will involve proposals that use many tools, not just a one-size fits all approach.

I support ideas that incentivize greater private coverage. Covering everyone with government-run health care is not the right direction for America. I also think my friend from Oregon, Senator Wyden, has made a very serious proposal with his Healthy Americans Act. He has written a bill that has something for almost everyone of every political flavor to object to, so he must be close to the answer. But with all seriousness, Senator Wyden is very passionate about this subject and I think his tireless efforts to get people to pay attention contribute greatly to the debate. Mr. Chairman, moving major legislation during a presidential election cycle is extraordinarily difficult but not impossible. Welfare reform and the Medicare drug benefit moved in a Presidential cycle. I'm encouraged by the fact that it seems there are more people in Congress talking about the issue than any time in the last decade. And so let me close with that. We have enough on the table that we have an opportunity to move beyond talk and to substantive action. Mr. Chairman, the number of uninsured is rising. Many employers do not provide coverage and those employers that do provide their employees coverage are finding it challenging to continue to provide health benefits for their employees while staying competitive. With every day that passes, we only make fixing the system more difficult. We are running out of time to make changes that will put us on a path toward a more stable health care community. Mr. Chairman, leadership must come from those on this committee to be the forces of change. I thank you for beginning the discussion on what needs to be done to ensure the availability of quality health care for all Americans.