



Mark-up of the America's Healthy Future Act  
Senate Finance Committee  
Statement by Senator Chuck Grassley, Ranking Member  
Tuesday, September 22, 2009

Mr. Chairman, first of all, I want to applaud you for your efforts to reform the health care system. Few people have worked as hard as you have on this issue. Your tireless dedication to moving ahead can be seen in everything you have done to get to this day.

And you created an environment in this committee for bipartisanship and collegial work on this very important issue. The roundtables and walkthroughs held this year were perhaps the most open and inclusive process this committee has undertaken in its history, I believe since I've been on the committee.

But despite your dedication and commitment to this important endeavor, I have a feeling the White House and the leadership on your side grew impatient and through artificial deadlines, forced us to where we are today. It seems to me that some people in the Senate would rather have it done right now instead of done right. That artificial deadline pushed us aside and put an end to that bipartisan work before it could produce a bipartisan bill. It seems that the White House and the leadership from the beginning were never really going to give it time to do it right. We could get no assurances that the Democratic leadership or the White House would have backed a bipartisan effort after it left the committee. That was a big concern on my side of the aisle over a long period of time.

And it was genuine cause for serious concerns. No one wanted to be used in a process that was going to have the rug pulled out from under it at some point down the road. Those concerns made it practically impossible to attract many Republicans to consider supporting this effort even at the beginning.

I had a meeting, as five other members of this committee did, with President Obama on August 6<sup>th</sup>. I told the president that if he wanted bipartisan support for the bill then he had to indicate publicly that he would be willing to support a bill without a government plan. I didn't say that he had to give up on that at that time. I just had to have him say to me that he could support one, if we presented it to him, that didn't have a government plan.

Then we had a lot of back of forth effort between the White House and the Congress on whether or not a public option would be out there. At one time, Secretary Sebelius said on CNN that a public option is "not the essential element" in reform legislation. But then later on, it seems like there was a revolt against that statement and the White House quickly retreated and said that a public plan was on the table.

So without a commitment that was very important on my side of the aisle, it became clearer and clearer as time went on that they couldn't and wouldn't be making that commitment. They couldn't make that commitment because they knew they wanted something Republicans would never support. They wanted the government plan that would slow walk the health care system to a government-owned and operated one.

But the American people have rejected that idea. They know it would lead to the government deciding what doctor they can see and what treatment they can have. Just like we've seen in other countries with government systems, they ultimately have turned to government-imposed rationing to control costs.

Instead of going down that path, restructuring the health care system is something that must be done with broad support. After all, it is one-sixth of our economy. When you use the term "health care," you're talking about a life or death issue for every American.

So, our health care system does face many serious challenges that need fixing. The American health care system has too many people that are without coverage, the quality of care that is provided is not as good as it should be, and the costs of health care are out of control. The medical care we provide should be second to none. But the reality is that in some places we have world-class health care but in many other areas we lag well other countries in the quality of care our citizens are provided.

Costs are rising in health care at an unsustainable rate. And in some parts of the country those costs are far higher and the quality far lower. The cost and quality of health care provided in America must improve.

Another major problem is the Medicare program is going bankrupt. Medical inflation consistently outpaces inflation in the economy generally. And those costs are burying family budgets, small business budgets, state budgets and the federal budget.

We must bend the health care growth curve. We have to get health costs under control. These are very big problems. And it's my belief that we should work together to fix health care in America.

And we've invested months of work into this bill. It hasn't been easy. This is extraordinarily complex work. On the other hand, I can say that in every one of the meetings we had, there was never one harsh word said between anybody. It was just six people working together to try to reach an agreement. So we ended in a friendly way. Hopefully it's not ended but for right now, it is. We've had thousands of staff hours working with experts from all walks of life. It has required thousands of staff hours working with the Congressional Budget Office to come up with reliable and accurate estimates of the cost of reforming one-sixth of our economy.

And we set out with a goal of paying for the bill we were writing. All of those things are not trivial notions. The Senate HELP Committee produced a bill, but it wasn't paid for. Not remotely close. The House committees have produced a bill. It is not paid for. Not remotely close. And after August they delayed their vote because of the public backlash.

Writing a bill that's actually paid for is very difficult. It requires difficult choices on spending and revenues that those other bills simply avoided. That this process has taken a long time should not be a surprise.

And finding bipartisan consensus on a bill that affects one-sixth of the American economy is also not a quick and easy task. Members have deeply held beliefs on how reform should be done. The effect of reform varies from state to state. But working together, we have made significant progress.

The first time we received scores from the Congressional Budget Office, our proposals weren't quite paid for – by a lot, a trillion dollars. But we didn't quit. We didn't throw in the towel. We kept working. We made hard decisions about what spending was most important and what revenues needed to be raised.

We have traded proposals with the Congressional Budget Office again and again. And in July, the Democratic Leadership took the most significant financing mechanism off the table. This was a huge setback in our work. And yet immediately we heard their complaints that we weren't done yet. But now here we are — the cry of impatience has won out and the artificial deadline was put in charge of this process. They have put moving quickly over moving correctly. It would be the same as if you had a house that was halfway built when the contractor declared it done and said: "Here's your house. Move in tomorrow." Would you move your family into a house without windows, running water, a roof? Of course not. It would be absurd to do that.

Likewise, their deadline causing the end to our bipartisan work before it was done is just as absurd. I find it utterly and completely appalling. This is about reforming one-sixth of the economy. Think about that – one out of every six dollars spent in America. We're passing legislation that's affecting that very dramatically. It's also about everyone's health and health care. Getting it right should be our highest priority. I know some folks want it done yesterday. I know some folks only want it done their way. But that's not how responsible legislation dealing with complex issues should occur in this great country and in the United States Senate.

And after all our work there are a lot of things I can support in this package, but there are also a lot of very significant unresolved issues and provisions that I don't support. First, the amount of spending is a serious concern. The chairman should be congratulated for producing a bill that is fully offset. Being fully offset and reducing inflation in health care were the major goals the six of us had, and the chairman has kept to that. That is more than any of the other committees in the House or Senate have done, so it ought to be recognized by everybody how fiscally responsible this approach is, even if we disagree with it. Those other health bills add hundreds of billions to a deficit that is already expected to be a record-setting \$1.6 trillion this year, according to the Congressional Budget Office.

Unfortunately, all the added spending in this bill requires more and more offsets to pay for it. And as the spending goes up, more and more toxic offsets are required to pay for it. This bill has new taxes on everything from Q-tips to pacemakers and cancer screenings to pregnancy tests. There is even \$60 billion worth of fees imposed on health insurance providers, which is really an excise tax. Experts and economists say that all these health care taxes will be passed on to consumers. When the focus of reform should be on reducing health costs, these taxes do the opposite – they increase health costs.

There's no plausible rationale for imposing all these new taxes and big spending on top of an economy that is doing its best right now to recover. And adding insult to economic injury, most of the benefits from this bill wouldn't start until three or four years down the road while the new taxes start much sooner (in some cases already next year).

What I heard very clearly during August was a lot of concern about what people see the government doing with all the spending -- the government takeover of banks and automakers, and programs like cash for clunkers. They are seeing these massive health care bills and they are genuinely afraid of what all this means for the direction of the country.

In addition to concerns about costs to taxpayers and affordability for individuals, there are still some other serious outstanding issues that have yet to be resolved: Preventing taxpayer funding of abortions. Enforcement against subsidies for illegal aliens. Medical malpractice reform. All unresolved. On abortion, despite commitments made by the President and by Secretary Sebelius, this bill does not follow the longstanding principle that federal funds should not be provided for elective abortions. Instead, federal funds would end up subsidizing elective abortions and plans that offer abortion coverage would be subsidized with federal funds.

And on the subject of immigrants here illegally, this bill also fails the test in at least three ways. First, although the mark appears to require the new exchanges to verify Social Security numbers and citizenship or legal status, it does not include blocking of Social Security Numbers, REAL IDs, verification of address, or prior year income, or any other mechanism to verify identity and prevent identity theft.

Second, it appears to contain privacy protections limiting the use of data collected by the exchanges. But, it does not allow information sharing with the Internal Revenue Service and the Social Security Administration to detect and preclude the multiple use of the same Social Security number.

And finally, I would also note that the designation of Indian tribes as an "Express Lane Agency" would allow them to enroll anyone under the age of 22 in Medicaid and CHIP, and anyone of any age in an exchange without verification of citizenship. As we have discussed in this committee in the past, the role of Indian tribes in verifying citizenship has been questionable.

Another area of concern is the individual mandate to purchase coverage. As we have worked on health reform over the past several months, I've become increasingly concerned about the intrusion into private lives that the individual mandate represents. Certainly, there is a principle of personal responsibility that applies here. I don't deny that. When someone who voluntarily chooses to go without coverage gets in a serious accident or unexpectedly becomes seriously ill, those costs get passed on to the rest of us.

But the federal mandate requires an extensive set of new enforcement tools housed at the Internal Revenue Service and backed by the full force of the federal government's enforcement powers. That combined with the magnitude of the penalties is cause for serious concern. The further we waded into it, the more concerned I became.

And the federal mandate has another significant effect on this legislation. Having a mandate to purchase coverage requires the inclusion of these very sizeable federal subsidies to make that coverage affordable for middle-income and lower-income individuals and families.

And the mandate also results in this mandate on all the states to expand their Medicaid programs to cover millions more people than they do today. The cost of this rather massive expansion of Medicaid and the federal subsidies is about 90 percent of the \$856 billion in spending in the bill. And all this spending is driven by the inclusion of the individual mandate.

And I think we also have to examine where the idea to mandate purchase of coverage originated. The idea originated with the health insurance industry. And for them, a requirement that everyone buy their product sounds like a great idea but to the rest of us it might seem just a little bit self-serving.

The bottom line is that we should return to first principles when it comes to the freedoms that we enjoy in America. And consistent with that, certainly individuals should maintain their freedom to choose to whether to purchase health insurance coverage.

And the individual mandate is not necessary. We can make this work without it. It may be what the powerful insurance companies demanded for obvious reasons but we don't have to do it the way insurers want it done. All the reforms of insurance can be done with a reinsurance system instead of the individual mandate.

And on the subject of medical malpractice reform, this bill also neglects to confront this growing problem – something President Obama acknowledged as a priority. Health care reform needs to address junk lawsuits that drive up costs and put doctors out of business. President Obama has repeatedly expressed support for medical malpractice reform, going so far as to direct the Health and Human Services Secretary to move forward on demonstration projects.

But the time for demonstration projects is over. Many states have implemented medical malpractice reforms that have reduced growth of malpractice premiums, and there is a greater potential for cost containment if physicians stop practicing defensive medicine. Real and meaningful health care reform must include medical malpractice reform. I think that's something that the six of us had made a great deal of progress on just before we had to abandon our efforts.

It's not too late to get this done right. We can stop at any time and refocus this effort. We can lower the spending in this bill. We can improve the quality of care with delivery system reforms that reward quality instead of quantity. We can focus on health care costs. We can lower costs with medical liability reform. We can fix the insurance market.

Mr. Chairman, in the spirit that you and I have been working together for 10 years, but in the spirit in which we've really concentrated on this issue since January, and in the spirit in which the six of us have worked together for three months, I hope that at some point, the White House and the leadership will want to see the mistake that they made by ending our collaborative bipartisan work. I hope at some point they will want to let that bipartisan work begin again. And this time, back that effort and give it time to get it done right.