

Floor Statement of U.S. Senator Chuck Grassley
Ranking Member of the Committee on Finance
Proposal for OPM to operate a National Health Insurance Plan
Saturday, December 12, 2009

There's been a lot of talk over the past few days about Senator Reid's so-called "compromise." Although he's said he has "broad agreement," I've yet to see any specific details. In fact, it sounds like members of his own caucus aren't really aware of the details. I find it hard to understand how there can be "broad agreement" on something when they don't know what's in it. I hope we'll all get some details soon.

This is one of the biggest and most important pieces of legislation I've worked on in Congress, so I hope Senator Reid is not planning to keep the details of his "compromise" under wraps and then ask us to vote on it. This piece of legislation will touch the lives of every single American, from cradle to grave, so we owe it to our constituents to make sure we have sufficient time to study any changes to the underlying bill. We all need to remember that it's their money that this bill would spend, not ours. But as I've said, so far, Senator Reid is keeping his "broad agreement" under wraps.

So, today, I can only talk about what I've heard from my colleagues or read in the newspaper. I've heard the Majority Leader is planning to expand the already unsustainable Medicare program. This idea has been met with strong opposition from hospitals, doctors and other health care providers. They fear that the largest expansion of Medicaid in history and an expansion of Medicare to people age 55 to 64 will drive providers out of business, making it even harder for low-income Americans and seniors to access care. I've already spoken on the floor about why I agree with these providers and oppose that part of Senator Reid's so-called "compromise." Now the Administration's own Chief Actuary has confirmed that the Medicare cuts already in this bill are so severe that providers might end their participation in the program. And if the compromise expands Medicare even further then this will make this problem even worse.

I also find it curious that some would even consider this a compromise. Speaker Pelosi couldn't convince House Democrats to support a government-run plan paying Medicare rates, but that's exactly what Senator Reid is proposing. It doesn't sound like much of a compromise to me. In fact, Representative Anthony Weiner of New York doesn't see it as a compromise either. He sees it as a big step towards their ultimate goal of single-payer health care. He said, "[This expansion] would perhaps get us on the path to a single-payer model." So, I don't see this as a compromise to the government-run plan. In fact, in some ways, it's worse because this could harm seniors' access to care starting on day one. But I don't want to spend too much time today talking about the Medicare expansion. I think I've made my feeling on that idea pretty clear. Instead, I'd like to focus on another aspect of the supposed new Reid compromise we are hearing about. We are hearing that the newest Reid proposal would have the Office of Personnel Management operate a national health insurance plan.

This may sound pretty harmless at first, especially since Senator Reid has refused to release any details. But there are some very big problems with this proposal. The Office of Personnel Management, or OPM, is the office in charge of the federal government's 2 million person workforce. One could consider it the human resources department for the federal government, dealing with everything from salaries to the operation of the federal employee health benefits program, which, I think, is the reason Senator Reid thinks it would be equipped to run the largest health insurance company in the country. Unfortunately, the former director of OPM disagrees. When asked about giving this new responsibility to the Office of Personnel Management, former director Linda Springer said, "I flat out think that OPM doesn't have the capacity to do this type of role." Federal employees also have expressed concerns. Both the National Treasury Employees Union and the National Active and Retired Federal Employees Association have come out in opposition to the proposal.

In a *Washington Post* story highlighting union opposition, the author writes that unions raise, "Legitimate concerns about expanding the size and scope of OPM beyond its capacity." So, there already are concerns from a former director, and more than 5 million federal workers, retirees and dependents, that OPM is not equipped to handle this new responsibility. That alone should make any member pause before signing onto this so-called "broad agreement."

I also think it is important that Members are aware of some of the challenges the Office of Personnel Management faces with its current responsibilities. Being the human resources department for the federal government is no easy task. In fact, I'd imagine it is a pretty thankless job that entails a lot of long hours. So, please don't misconstrue my comments as an attack on OPM or its employees. They do the best job they can under difficult circumstances. But if Senator Reid is going to come out of nowhere with a new proposal to hastily hand the American health insurance system over to this government agency, I think it's important for the American people to know what they are getting into. We need to be asking some hard questions. Is this expansion of the federal government necessary?

We're about to vote to raise the debt ceiling by \$1.8 trillion because the national credit card is maxed out. But, some members of the Senate seem intent on increasing the size of the federal government even more. Second, should the Office of Personnel Management, a government agency, be handed the keys to largest health insurance plan in this country? I don't know the current OPM director, and I'd imagine he is a very nice person. But I think it's fair to point out that his position just prior to taking over at OPM was running the National Zoo. Does that really mean we should put him in charge of a national health insurance plan? The Office of Personnel Management has consistently been criticized for being out-of-date and inefficient on everything from processing national security projects to administering federal benefits.

And, we've all heard about the massive backlog in people waiting for Social Security disability benefits. Some 833,000 Americans are currently on a waiting list to see if they qualify for government disability benefits, and some members blame OPM for this backlog. In fact, in a hearing on the backlog, Representative Earl Pomeroy made some comments about OPM. Congressman Pomeroy is a Democrat from North Dakota and member of the House Ways and Means Committee. He said, "The Office of Personnel Management is fiddling around, years go

by before they can even get around to all the things they have to get around to." This seems to reinforce the concerns Unions and the former director have expressed about OPM's ability to handle this new responsibility. Congressman Pomeroy went on to say, "People are being hurt, some of the most vulnerable people in this country are being hurt every day because of bureaucratic bungling at OPM." Again, Senator Reid hasn't provided enough details. But Congressman Pomeroy's comments certainly raise concerns.

Undermining the availability of disability benefits is bad enough, but do my colleagues want to also be responsible for setting up an unworkable system that leaves hundreds of thousands of Americans on a waiting list for their health care benefits? Government agencies, whether it's the Office of Personnel Management or some other agency, do not have impeccable track records. As President Reagan often said, the nine most terrifying words in the English language are, "I'm from the government and I'm here to help." Think of a health care system with the responsiveness of Hurricane Katrina, the efficiency of the Internal Revenue Service, and the customer service of the Department of Motor Vehicles. That doesn't sound like a recipe for real health reform to me.

The Office of Personnel Management has also taken considerable criticism for its handling of retiree benefits. The agency's own 2008 Financial Report stated, "[The Office of Personnel Management] had increased difficulty keeping up with retirement claims and had a decrease in the number of customers satisfied with their services." And, *The Hill* newspaper wrote this week, "Watchdogs maintain the program is riddled with inefficiencies that ultimately cost both the agency and federal government money."

So, I think there are legitimate concerns about whether this federal agency is even equipped to take over such a massive undertaking. But I also wonder why this proposal is even necessary. The bill already sets up government-run exchanges that would offer a choice of competing for-profit and not-for-profit plans. My colleagues on the other side of the aisle have compared this system to the Federal Employee Health Benefits Plan, or FEHBP. This bill already has provisions that encourage national health plans. This leads me to ask the question, why does this bill need another layer of bureaucracy to create a national plan run by a government agency?

Some have suggested that this is just another backdoor attempt to end up with a government-run plan. Another detail that has been reported supports this claim. We have been told that if not-enough not-for-profit plans agree to contract with the Office of Personnel Management, or if they don't meet certain affordability standards, the Office of Personnel Management will have the authority to establish its own government-run plan. With some of the other provisions that are in this bill, this "trigger" approach seems to be rigged. There are at least two reasons why this is the case. First, the bill undermines any ability to avoid the first government-plan trigger to make health coverage more affordable. The bill puts in place a bunch of new regulatory reforms, fees and taxes that will drive up premiums making it impossible for health plans to meet the new affordability requirements. Don't take my word for it, the Congressional Budget Office predicts premiums will be 10 to 13 percent more expensive as a result of this bill. Then we have the second government-plan trigger, which gives the Office of

Personnel Management the authority to create a government-run plan if not enough not-for-profit national plans contract with OPM.

But, what Senator Reid has failed to mention in announcing his “broad agreement” is that there is not one national plan in existence today, either for-profit or not-for-profit, that is offering in all 50 states. It just doesn't exist. So, once again, it sounds like this so called “trigger” is being rigged to shoot. I can only assume that this backdoor attempt to shoe-horn in a government-run plan at the last minute is an act of desperation. Senator Reid and his colleagues have seen the facts. According to a CNN poll from December 2 and 3, 61 percent of Americans oppose this bill. At a time when Democratic Leadership is pushing a \$1.8 trillion increase in the debt limit, we learn from the White House's own actuaries that this \$2.5 trillion bill bends the cost curve up by increasing health care spending. This bill is opposed by the National Federation of Independent Business; the National Association of Manufacturers; the Chamber of Commerce; the National Retail Federation; and almost every other business group across this country. And, because of this last minute desperate attempt to appease the far left, this rumored new compromise is now opposed by hospitals, doctors and other health care providers. With all those factors, I don't see how anyone, let alone 60 Senators, can vote for this bill. This last minute, desperate attempt to expand Medicare and hand our private health insurance system over to a federal agency has just made a bad bill worse.