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BAUCUS CALLS FOR SMART STEPS TO PRESERVE MEDICARE, MEDICAID BENEFITS

Finance Chairman Warns Against Shifting Costs Onto Seniors' Backs at Committee Hearing

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a hearing today to examine ways to protect Medicare and Medicaid benefits for seniors and those who need them the most, particularly in the face of growing health care costs. Baucus reiterated his commitment to reducing the deficit, but stated that Congress cannot do it by shifting costs onto seniors. Baucus called instead for solutions to rein in overall health care costs without compromising the quality of care or forcing seniors to pay higher out-of-pocket costs.

“We must work together to reduce our deficit, but we cannot do it on the backs of seniors,” said Baucus. **“As the baby boom generation becomes eligible for Medicare and enrollment accelerates, we need to find ways to preserve Medicare and stretch every dollar without compromising care. The health reform law is helping make our health care system more efficient and we should expand on that progress. We need to continue to modernize our system and make it more efficient – not reduce Medicare benefits or stick seniors with a bigger bill.”**

At the hearing, Baucus addressed ways the Affordable Care Act (ACA), the new health care law, begins to slow the growth of health care costs. The law rewards health care providers for the quality of care, rather than quantity of treatments Medicare patients receive. That new system, Baucus said, will save money and lives. And, the ACA helps save millions of taxpayer dollars by rooting out fraud and ending costly overpayments to private insurance companies. Baucus said we should build on the progress of the ACA to continue to slow the growth of Medicare costs.

Baucus was a chief architect of the health care law, which includes the most significant deficit reduction in more than a decade. According to the nonpartisan, independent Congressional Budget Office (CBO), the law will reduce the deficit by more than \$210 billion in the first ten years of enactment and by more than a trillion dollars in the decade that follows.

Baucus also discussed the dangers of policies that would shift costs onto seniors, highlighting the harsh cuts proposed in the House budget plan. The House proposal would reopen the Medicare Part D prescription drug coverage gap known as the “donut hole,” double seniors’ out-of-pocket health care costs and cut more than \$700 billion dollars in Medicaid funding that helps people afford nursing home care. Under the House plan, Medicare would be dismantled entirely in just 11 years and seniors would be forced to use a voucher to purchase insurance on the private market, where companies could charge them far higher rates. The CBO estimates that under the House budget, the average 65 year-old would have to pay \$12,000 a year out of their own pocket to receive the same benefits Medicare offers today.

Baucus asked the witnesses to share their insights on the need for smart, reasoned cost savings in health care spending. Massachusetts Governor Deval Patrick, one of today's panelists, said that these types of savings can help create jobs by reducing small businesses operating costs and making it easier for them to hire new workers.

According to the CBO, Medicare and Medicaid represented 12.6 percent of total federal spending twenty years ago. That number is expected to almost triple by 2035. Baucus said we need to confront that growth in order to maintain the health of those programs and the federal budget itself.

Today's hearing was the fourth in a series examining perspectives on deficit reduction. In recent weeks, Baucus held deficit-related hearings examining the need for revenues to make a deficit reduction package [balanced and fair](#), looking at an [automatic way to reduce the deficit](#) if budget deficits are not reduced and the dangers of a deficit reduction package cutting [Social Security](#), which is not the cause of the national debt. With jurisdiction over Social Security, Medicare, Medicaid and tax policy, the Finance Committee oversees many of the programs figuring prominently in the deficit discussion.

Watch today's hearing and view witness testimony on the Committee website at <http://finance.senate.gov/hearings>.

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