COMMITTEE ON FINANCE
NEWS RELEASE
Max Baucus, Chairman
http://finance.senate.gov

For Immediate Release
October 7, 2009

Contact: Scott Mulhauser/Erin Shields
202-224-4515

**Floor Statement of Senator Max Baucus (D-Mont.)**
**Regarding Health Care Reform**

Hippocrates once said: ``A wise man should consider that health is the greatest of human blessings.''

Every day we see the real-world consequences for Americans who have been deprived of that blessing. A Harvard study found that every year in America, lack of health coverage leads to 45,000 deaths. People without health insurance have a 40 percent higher risk of death than those with private health insurance. No one should die because they cannot afford health care.

Every 30 seconds another American files for bankruptcy after a serious health problem--every 30 seconds. Every year, about 1.5 million families lose their homes to foreclosure. Why? Because of unaffordable medical costs. No one should go bankrupt because they get sick. A Kaiser Family Foundation survey found that health care coverage for the average family now costs more than $13,000 a year. If current trends continue, by the year 2019, 10 years from now, the average family plan will cost more than $30,000 a year.

No one should have to live in fear of financial ruin from crushing insurance premiums. Americans are looking for commonsense solutions to these problems. Americans want a balanced plan that takes the best ideas from both sides. Americans want their leaders to work together to craft a health care package that will get 60 votes it needs to pass.

The Congressional Budget Office has just given us their analysis of legislation we put together in the Finance Committee and it shows that our bill reduces the deficit by $81 billion over 10 years. That is a reduction in the Federal deficit of $81 billion. CBO also says the legislation out of the Finance Committee continues to reduce the deficit in the outyears; that is, the years after 10 years, the second 10 years, and the legislation increases coverage from 83 percent to 94 percent, so 94 percent of Americans will have health insurance.

***--6 more--***

For 2 years now, that is exactly what we have been doing in the Finance Committee--working to get that result. Over the last 2 years, the Finance Committee has held 20 hearings on health care reform. Last June we held a health care summit at the Library of Congress. The committee held three roundtable discussions with experts on each side of the area, especially on the three major areas of reform. We held roundtables on how health care is delivered, on coverage--that is insurance coverage--and on how to pay for health care. In connection with each roundtable--we had experts around the table, asked lots of questions, the experts just balanced--experts were not chosen for a certain point of view but just to get the facts. The committee put out a detailed option paper after those roundtables and we then held three walk-throughs to hash out those options--walk-throughs to see what might make sense after those walk-throughs.

Six members of the Finance Committee--three Republicans and three Democrats--then had meetings. They held 31 meetings to try to come to a consensus. We held exhaustive meetings and met for more than 61 hours. We went the extra mile.

I might say if a fly on the wall were to watch those six meet, three Republicans and three Democrats, I think Americans would be very proud. This was hard work. It was not ideologically driven. It was based on the facts. We asked questions of experts, actuaries were objective--of the Congressional Budget Office, the Joint Committee on Tax--a very solid effort to try to find out how the various parts would be put together in a balanced and fair way.

I can say the Finance Committee has held the most open and exhaustive consideration of this health care proposal. I put out the starting point and posted it on the Web on September 16. That was nearly a week before we started our markups, a full week notice before we started our markup.

In a first for the committee, we posted every amendment, all 564 of them, on the Web. We had never done that before, all posted, all available to the world. The committee has held a thorough markup, and I know the present occupant of the chair can attest to that. When the committee reconvenes to report the bill, the committee will have met for 8 days. Many of those were long days, often running past 10 o'clock at night. In fact, last Thursday we worked until 2 o'clock in the morning. It has been more than 22 years since the Finance Committee met for 8 days on a single bill. In the committee's consideration, Senators offered and the committee considered about 135 amendments. The committee conducted 79 rollcall votes and the committee adopted 41 amendments.

***--5 more--***

The result is a balanced, commonsense plan that takes the best ideas from both sides. It is a plan that essentially implements President Obama's vision to improve America's health care and it is a plan designed to get the 60 votes it needs to pass. We have just received from the Congressional Budget Office the numbers that we need to have to proceed to the next step. The CBO says we reduce the deficit by $81 billion in the first 10 years and the legislation that will be reported out of the committee soon will reduce the deficit further in the next 10 years, and it increases coverage to 94 percent.

I am confident that after Senators have had a opportunity to review the CBO numbers the Finance Committee will report the bill. Then we on the Finance Committee expect to work together with the HELP Committee to meld our two bills together. Our colleagues on the HELP Committee have done some wonderful things, especially in the area of prevention, workforce, and quality. We look forward to bringing together the best of both bills.

Then the majority leader will offer the combined bill as an amendment on the floor and I expect we will have a full and vigorous debate here in the Senate. I am proud of our work.

All Americans should have access to affordable, quality health care coverage. Our bill would raise the share of Americans with insurance coverage from about 83 percent currently to 94 percent, and our bill would deliver coverage to millions through new insurance exchanges and to millions more through Medicaid--that is the Finance Committee bill I am discussing.

Our bill would dramatically increase prevention and wellness, will begin shifting health care delivery to the quality of care provided--not the quantity of services rendered but the quality of care provided. It is so important. This is transformative. This is game changing. When we look back several years from now we are going to see this is probably one of the more important items in this legislation because it will begin American health care to focus on where it should be, on quality and teamwork and the patient, more than today, where it is focused on quantity under the fee-for-service system. This is clearly the major, most important part, I think, when we look back at this bill 5, 6, 8, 10 years from now.

The bill also will lower prescription drug costs dramatically for seniors--no small point.

Our bill would reform the insurance market. It would protect those with preexisting conditions. It would prevent insurance companies from discriminating and capping coverage. And it would require insurance companies to renew policies as long as policyholders pay their premiums. No longer would insurance companies be able to drop coverage when people get sick. These reforms would give Americans real savings.

***--4 more—***

Under the Finance Committee bill, everyone making less than 133 percent of poverty would receive health coverage through Medicaid. Our plan will provide tax credits to help low-and middle-income families buy private insurance coverage. These tax credits would mean that our bill would deliver tax cuts for those whom it affects. Overall taxes would go down for people affected by this bill. These tax credits would help make insurance more affordable.

Some have made some pretty outrageous claims about our bill. Some folks frankly have said some whoppers. Let me take a few minutes to bust some of those myths.

Myth No. 1. Some say our bill cuts benefits for seniors. That is false. Nobody cares more about maintaining Medicare than I do. Medicare benefits will not be reduced under our bill. Seniors will get the same level of benefits they receive today. In fact, seniors have a lot to gain from health care reform by lower prescription drug costs and more free preventive care such as mammograms and colonoscopies. Plus our bill takes the long view to help preserve the life of the Medicare Program. Our bill puts the Medicare Program on sounder financial footing. Our bill will remove from a system that pays for volume to one that pays for value. It would improve Medicare solvency by reforming the way Medicare delivers health care.

Don't just take my word for it. Don't just take President Obama's word for it. Go to the AARP Web site and see what they say. AARP is probably one of the greatest advocates for seniors. This is what AARP says:

Myth: Health care reform will hurt Medicare.

Fact: None of the health care reform proposals being considered by Congress would cut Medicare benefits or increase your out-of-pocket costs for Medicare services.

That is the conclusion of AARP in their letter to seniors.

Myth No. 2. Some say our bill will lead to rationing because we encourage comparative research. That, too, is false. The Institute of Medicine--MedPAC, that is the bipartisan group, nonpartisan group that advises Congress on Medicare payments--and former CMS administrators have all recommended that Congress invest in research to compare what works and what doesn't work in medicine. Groups such as the American Medical Association and the American Health Association support this idea.

***--3 more--***

Our bill would set up a nonprofit institute to provide for this ``comparative effectiveness research.'' The goal is better evidence, unbiased information that doctors and patients can use to make better health care decisions. Comparative effectiveness research is about giving doctors and patients the best information available on what works so they can decide, the doctors can decide in consultation with their patients, as to what procedure, what drug, makes most sense and what doesn't.

If one treatment works far better than another, then doctors and patients have a right to know. That is what our bill tries to do, it tries to foster the kind of commonsense research that can get better information in the hands of doctors and patients.

Nothing in our bill would ration care--nothing. The new institute could not make coverage decisions or issue medical guidelines. And our bill would prevent the HHS Secretary from using the research to ration care in any way. The Secretary could never use the evidence to discriminate against individuals based on age, disability, terminal illness, or their preferences between length of life and quality of life.

Calling this rationing only supports a delivery system that is pro-waste and antipatient education. That is what opponents will end up doing. That is the effect of it. That is not the type of care people deserve. They deserve the information that comparative effectiveness research produces to help them make informed health care decisions.

Myth No. 3. Some say our bill will cause premiums to go up. That, too, is false. There are a lot of things in our bill that would cause premiums to go down. Our bill would cut out fraud, waste, and abuse in our health care system. That is going to help. Our bill would spread insurance risk through a much broader population, including younger, healthier people. That would clearly help. And our bill would help to eliminate the cost of uncompensated care, which results in more than $1,000 in additional premium costs each year for American families. The effects of open competition in our new insurance exchange should bring premiums down as well.

CBO has said there are a lot of factors in whether premiums go up or down and, frankly, they punted on a lot of those factors. But in the one part of premium costs about which they did make a projection, CBO said that premiums would go down. In a September 22 letter CBO said:

CBO currently estimates that about 23 percent of premiums for policies that are purchased in nongroup market under current law go toward administrative costs and overhead.

About 23 percent of premiums for policies goes toward administrative costs and overhead. CBO goes on to say:

***--2 more--***

Under the proposal, that share would be reduced to 4 or 5 percentage points.

So if 23 percent of costs are administrative overhead under the legislation the committee reported out, that should be reduced by 4 or 5 percentage points. That is lower costs, administrative costs, which should result in lower premiums.

Myth No. 4. Some say you will not be able to keep your insurance. That, too, is false. Nothing in our bill would take people's insurance away from them. No one would be forced into a particular plan. This is the central feature of the way we have gone about health care reform. We have not tried to change the employer-based system, a system Americans know and understand. We improve upon it, make it work a lot better. We have not tried to fix something that is not broken. We have an employer-based system and it is very important we improve upon it, not eliminate it.

Some who do not share our best interests assert that cuts to Medicare Advantage will cause some plans no longer to be offered. We do bring the government's subsidies to Medicare Advantage more in line with the government's own commitment to Medicare, but our bill would not cut benefits under Medicare Advantage. Rather, it would cut out waste in the system to ensure that Medicare is sustainable for years to come.

Even after the cost of marketing and delivering benefits and after making a profit, insurance companies are paid about 14 percent more, on average, under Medicare Advantage than under traditional Medicare. Insurance companies pad their pocket with those subsidies. Our bill would end those subsidies for insurance companies.

If insurance plans want to pass cuts along to seniors instead of reducing their huge profits, that is up to them. In a competitive market, it will be hard for plans that do that to keep their customers.

Yes, under our bill Medicare Advantage plans will have to compete in the free market. But that has been true of insurance companies generally for as long as there has been insurance. It is true that we in our bill do not guarantee that the government will keep each and every insurance company in business. We should not and we do not, in our bill, guarantee that each and every insurance plan will continue to be offered. Those are business decisions. Those are decisions for the private sector. And that is where we leave it.

It is absurd to say that people will not be able to keep their insurance because the government is going to trim back wasteful subsidies. That is a pretty absurd statement.

***--1 more--***

Myth No. 5. Some stated our bill will raise taxes. That is false. In fact, our bill is a tax cut. Our bill will cut taxes for millions of Americans. When fully phased in, our bill will cut taxes by tens of billions of dollars every year. Let me restate that. When fully phased in, our bill will cut taxes by tens of billions of dollars every year. And millions of Americans will be able to use those tax cuts to buy health insurance coverage.

Myth No. 6. Some say that a high-cost premium excise tax will raise taxes on working families. That too is false. The bill levies the high-cost premium excise tax on the insurance companies. It will put downward pressure on insurance company profits. And it will put pressure on insurance companies to offer more efficient insurance plans.

In fact, the Joint Committee on Taxation tells us that much of the revenue that the high-cost premium excise tax brings in is because employers will give workers raises. People will avoid insurance plans with high-cost premiums, and as a result employers will raise workers' salaries with the money they save. That is what the Joint Committee on Taxation predicts will happen. That is what they say over and over again in publicly given testimony.

Finally, the biggest myth of all, myth No. 7. Some say our bill is a government takeover of health care. That is so false. We have built our plan on the exchange marketplace that allows choice among private health insurance company products, choice among private health insurance products.

People will be able to choose their own plan. They can choose their own plans among private options. Our bill does not include a public option. We did not include an employer mandate. And we pay for every cent. This is a uniquely American solution. We are not Canada. We are not Britain. We are America. This is a balance. We have a tradition of balance between public and private. This legislation accomplished that.

We do not buy into government-only solutions in America, but we do believe in rules of the road. Our bill provides a balanced solution. And CBO says we do so in a balanced way.

Soon it will come down to the Senate. My colleagues, this will be our opportunity to make history. Think of it. Our actions here will determine whether we will extend the blessings of better health care to more Americans.

Ours is a balanced plan that can pass the Senate. Our bill should win the support of Republicans and Democrats alike. Now the choice is up to Senators.

Hippocrates said that ``health is the greatest of human blessings.'' But too many Americans are being deprived of that blessing. Let us enact this balanced, commonsense plan to improve health care. Let us reform the health care system to control costs and premiums. And let us extend the blessings of health care coverage to all Americans.

**###**