



Floor Statement of U.S. Senator Chuck Grassley  
Ranking Member of the Committee on Finance  
Analysis of Premiums by the Congressional Budget Office  
Wednesday, December 2, 2009

On Monday the Congressional Budget Office sent a letter to Senator Bayh that provides a comprehensive analysis of what health insurance premiums will look like as a result of the Reid bill. I'm starting to wonder if anyone actually read the letter. I hear a lot of people saying that this letter proves that premiums will go down under the Reid bill, even though that's not what the letter says. So, I'm down here to tell people what the letter really says.

The letter makes it very clear that premiums will increase on average by 10 to 13 percent for people buying coverage in the individual market. I've even brought down a chart to show everyone, just in case you missed it. The people who keep saying that premiums are going to go down conveniently forget to mention this 10 to 13 percent increase. They prefer to talk about the 57 percent of Americans in the individual market who would get subsidies. Yes, it's true, the government is spending \$500 billion to cover up the fact that this bill drives up premiums faster than current law. I repeat, premiums will go up faster under this bill. Supporters of this bill are just covering up this increase in costs by handing out subsidies. And if you're one of the 14 million who don't get a subsidy, you're out of luck. You're stuck with a plan that is 10 to 13 percent more expensive and an unprecedented new federal law that mandates you purchase insurance.

Some may say that this is just the individual market. It only accounts for a small portion of the total market. Well, if you're comfortable with 14 million people paying more under this bill than they would under current law, let's look at the employer-based market. CBO's analysis says that this bill maintains the status quo in the small group and large group insurance market. Is that really something worth celebrating? Are expectations so low at this point that Democrats are celebrating that this bill will increase premiums for some and maintain the status quo for everyone else? And I'm being generous in using the phrase "status quo" because this bill actually makes things worse for millions of people.

This bill is so bad that Democrats are trying to convince the American people that this is just more of the same, when even that isn't the case. Whatever happened to bending down the growth curve? What about the President's promise that everyone will save \$2,500? According

to CBO, almost every small business will pay between one percent more to two percent less for health insurance. That means that compared to what businesses would have paid under current law, this bill will either raise premiums by one percent or decrease them by a whopping two percent. That doesn't sound like this bill is providing any real relief or \$2,500 dollars in savings for every American, as President Obama pledged repeatedly during the campaign.

Larger businesses will pay the same or up to three percent less for health insurance. Once again, that doesn't sound like relief. It sounds like more of the same. In fact, CBO has confirmed that between now and 2016 premiums will continue to grow at twice the rate of inflation. I thought Congress was considering health reform to put an end to the unsustainable premium increases.

So, this bill cuts Medicare by \$500 billion, raises taxes by \$500 billion, restructures 17 percent of our economy, and spends \$2.5 trillion, and some of my colleagues on the other side of the aisle are celebrating that they have achieved the status quo, when in fact they've made the situation worse.

I thought the status quo was unacceptable. I thought businesses couldn't afford the status quo. I thought the status quo was killing American businesses, killing jobs and making this country less competitive. But member after member keeps coming down to the floor to celebrate spending \$2.5 trillion on the status quo. We could have done that for free. Am I missing something? Did people actually read the same letter that I did?

When President Obama visited Minneapolis, in September, he didn't sound like he would celebrate maintaining the status quo. On the contrary, he said, "*I will not accept the status quo. Not this time. Not now.*" Some members seem to disagree. Some members are celebrating that they are making things worse for millions of Americans and maintaining the status quo for everyone else.

And, here is what Vice President Biden said, "*the status quo is simply unacceptable. Let me say that again -- the status quo is simply unacceptable. Rising costs are crushing us.*" That doesn't sound like a call for more of the same. But, once again, members on the other side of the aisle seem quite comfortable investing \$2.5 trillion in more of the same. That's taxpayer dollars we're talking about.

I think if I asked most Iowans how they'd feel about the government spending \$2.5 trillion, and premiums would still increase as fast or faster, they'd say that was a pretty bad investment. I can't argue with that. This CBO letter tells me that we are debating a pretty bad investment. Our constituents want lower costs. That is their main concern. But this bill fails to address that concern. It raises premiums. And, despite offering new ideas throughout the committee process and on the floor, Republicans are being accused of supporting the status quo.

Well, CBO has spoken, and it's pretty clear my colleagues across the aisle are not only okay with the status quo, they're okay with making things worse: Higher taxes. Higher

premiums. Increased deficits. Less Medicare. They're celebrating that they spent \$2.5 trillion to raise premiums for 14 million people, not bending the growth curve, and not cutting costs. Don't take my word for it. Read the letter from the Congressional Budget Office. It's right here in black and white.