COMMITTEE ON FINANCE
NEWS RELEASE

Max Baucus, Chairman
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Floor Statement of Senator Max Baucus (D-Mont.)
Regarding Lower Costs through Health Care Reform

Mr. President, in the Presidential campaign of 1912, Theodore Roosevelt's platform said:

"We pledge ourselves to work unceasingly in State and Nation for . . . the protection of home life against the hazards of sickness . . . through the adoption of a system of social insurance adapted to American use."

Today, nearly a century later, we are closer than ever to enacting meaningful health care reform.

As in Teddy Roosevelt's time, we seek protection against the hazards of sickness. Of necessity, we seek a system uniquely adapted to American use. And recognizing the daunting task still ahead of us, we pledge ourselves to work unceasingly, to get the job done.

In the years since Teddy Roosevelt, some of our nation's greatest leaders signed up for this job. But at the same time, we have never faced a greater need to get the job done than we do today.

Costs are skyrocketing out of control. Every day, American businesses are forced to cut benefits for their workers to remain competitive in the global marketplace. Every 30 seconds, another American files for medical bankruptcy. And every year, about 1.5 million families lose their homes because of health care costs. Our system is in crisis.

We have a historic need and a historic opportunity. We have an opportunity to enact groundbreaking reform that will finally rein in the growth of health care costs and help to bring financial stability back to American families and businesses.

Unfortunately, there are some who stand in the way. Unfortunately, there are some who are spreading misinformation about how health care reform will work.

On this very floor, I have heard arguments that health care reform is about government trying to take over health care. That's false.

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The truth is that health care reform is about allowing patients and doctors to take back control of health care. We need to allow patients and doctors to take back control from the big insurance companies.

Our plan would not increase the Government's commitment to health care. But don't take just my word for it. The nonpartisan Congressional Budget Office says:

"[D]uring the decade following the 10-year budget window, the increases and decreases in the federal budgetary commitment to health care stemming from this legislation would roughly balance out, so that there would be no significant change in that commitment."

That's right, health care reform will not increase the Federal Government's budgetary commitment to health care.

I have also heard it argued that health care reform will increase the budget deficit. That's false.

CBO says that our plan would reduce the Federal deficit by $130 billion within the first 10 years. And that trend would continue over the next decade. During the second decade, CBO says that our bill would reduce the deficit by roughly $450 billion. That's nearly half a trillion dollars in deficit reduction.

I have also heard it argued that health care reform will raise taxes. That's false.

In fact, health care reform will provide billions of dollars in tax relief to help American families and small businesses to afford quality health insurance.

The Joint Tax Committee tells us, for example, that our bill will provide $40 billion in tax cuts in 2017 alone. The average affected taxpayer will get a tax cut of nearly $450. The average affected taxpayer with an income under $75,000 in 2017 will get a tax cut of more than $1,300.

Similarly, I have heard claims that health care reform will increase result in higher costs for Americans. That's also false.

Health care reform is fundamentally about lowering health care costs and making quality health care affordable for all Americans. Lowering costs is what health care reform is designed to do. And it will achieve this objective in many ways.

First, health care reform will end abusive practices by insurance companies. Reform will stop insurance companies from denying coverage or hiking up rates for those with pre-existing conditions. And reform will stop insurance companies from dropping coverage or reducing benefits for those who get sick.

These reforms will protect consumers and reduce premium costs for Americans who are sick. And these reforms will also help lower costs for small businesses and their employees. Right now, if one employee in a small business gets sick, insurance companies can double the premiums that they charge the whole business.

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Second, health care reform will provide billions of dollars in tax credits. And reform will limit out-of-pocket costs, such as co-pays, that insurance companies are able to charge. This will help to ensure that Americans can afford their total health care costs, and not just their premiums.

Third, health care reform will work to repeal the hidden tax of more than $1,000 in increased premiums that American families pay each year in order to cover the cost of caring for the uninsured.

Today, the millions of Americans without health insurance are too often forced to turn to emergency rooms to get the care that they need. And then health care providers shift the cost of that care onto other Americans with health insurance. People with insurance pay higher premiums as a result. By providing quality, affordable health insurance to millions more Americans, health care reform will reduce this hidden tax and reduce premiums for all Americans.

Fourth, providing affordable health insurance to millions more Americans will increase the number of Americans in the insurance market. That will spread the risk of paying for an accident or disease more broadly. And spreading risk more broadly should lower premium rates for everyone.

Fifth, health care reform will reduce costs by cutting administrative red tape. Today, insurance companies spend a lot of time and money finding ways to discriminate against sick people. They spend time and money finding ways to and deny or drop coverage. And insurance companies pass those administrative costs on to consumers in the form of higher premiums.

Health care reform will outlaw this kind of discrimination. And so reform will eliminate those administrative costs along with it.

Furthermore, health care reform will work to streamline administrative procedures across the board by requiring standard enrollment forms and marketing material through insurance exchanges. In a letter released today, the Congressional Budget Office said, "Compared with plans that would be available in the nongroup market under current law, nongroup policies under the proposal would have lower administrative costs."

Sixth, health care reform creates insurance exchanges where consumers can easily shop and compare plans to find the right coverage. Exchanges will make it easier for consumers to choose the most efficient plans. And that will reduce their costs and put pressure on insurance companies to offer lower-cost, higher-quality plans.

Seventh, small business insurance exchanges will allow small companies to pool together to spread their risk and increase their buying power. This will allow small businesses to negotiate lower rates and provide more quality insurance plans with lower premiums to their employees.

Eighth, health care reform will strengthen oversight and enforcement measures to cut down on fraud, waste, and abuse in the health care system. Fraud, waste, and abuse are estimated to cost more than $60 billion every year.

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Ninth, health care reform will move the focus of our system toward efficiency and value with payment incentives that reward quality care. Over the long run, paying doctors and other health care providers for quality instead of quantity will reduce health care costs.

Tenth, health care reform will lower costs by working to change the focus of our health care system from treating sickness to promoting wellness. Reform will make critical investments in policies that promote healthy living and help prevent costly chronic conditions that drive up costs throughout the system.

These are just 10 examples of how health care reform will reduce health care costs and lower premiums for American consumers. There are many more.

On the other hand, without reform, costs are guaranteed to continue to skyrocket out of control.

Since Congress failed to enact health care reform in the 1990s, health care premiums have risen eight times faster than wages. If we don't reform our health care system now, premiums will increase 84 percent in the next 7 years.

Today, health care coverage costs the average American family more than $13,000 a year, according to the Kaiser Family Foundation. If current trends continue, without reform, the average family plan will cost more than $30,000 a year in the next 10 years. And businesses could see their health care costs double in that same time.

Without reform, our nation's long-term fiscal picture is almost certainly unsustainable.

As Peter Orszag said when he was Director of the Congressional Budget Office, "Rising health care costs represent the single most important factor influencing the Federal Government's long-term fiscal balance." He was right.

And without reform, instead of working to reduce our national deficit and stabilize the Federal budget, we will see total health care spending nearly double to encompass one-fifth of our Gross Domestic Product in less than 10 years. And the Congressional Budget Office projects entitlement spending will double by 2050.

And without reform, millions of uninsured Americans will continue to suffer.

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 — that's 46 million Americans at risk.

A recent Johns Hopkins study found that children without insurance have a 60 percent higher risk of death than those with private health insurance.

And another recent Harvard study found that the risk of dying from car accidents and other traumatic injuries is 80 percent higher for those without any insurance.

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In the greatest country on earth, no American should die simply because they don't have health insurance.

So, Mr. President, we are at a crossroads in history. We have a historic opportunity to enact meaningful health care reform that will work to stabilize our economy and provide quality, affordable health care coverage for millions of Americans.

We are not the first to be here. But we have come further than ever before.

We laid the groundwork in the Finance and HELP committees, where we held many hearings and countless hours of meetings on health care reform. Each committee crafted meaningful legislation and held open and exhaustive markups where we incorporated amendments from both sides of the aisle. We produced balanced, meaningful legislation and I am proud of the work that we each did.

Now, we have one health care reform plan before us on the Senate floor. We have the opportunity to debate that plan and offer amendments to make it even better.

Then, we will be called upon to vote.

The health of our nation is depending on us. The health of our economy is depending on us. History itself is depending on us, to answer the call.

I am confident that we will. I am confident that we will, at long last, answer the call of history. I am confident that we will soon enact meaningful health care reform that will lower costs and bring quality, affordable coverage to millions of Americans.

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