



Opening Statement of Sen. Chuck Grassley
Finance Committee Hearing, “Scoring Health Care Reform: CBO’s Budget Options”
Wednesday, February 25, 2009

Let me begin this morning by restating something I know many people in this room consider obvious: We desperately need to improve health care in America. We have a health care system that is no system at all. Health care in America is a series of disconnected pieces with often perverse or dubious incentives. Health care in America costs too much. Health care in America is not as consistently high in quality as it should be. Health care in America leaves tens of millions of Americans uninsured. Every day we wait to do something to improve health care in America, we do a disservice to the people who elect us to sit in these chairs.

We have an opportunity right now to make positive change. It is an opportunity we should take. But we must also take a sober look at the difficulty of our situation. When Senator Baucus published his health care reform white paper three months ago, I noted the fiscal challenges we face moving forward with health care reform. A few people treated me like the skunk at the party for saying so. Well, I hate to do it again, but everyone knows our fiscal situation has gotten far worse since November. Back in November, I speculated that we might be looking at a 300 billion dollar stimulus package in early 2009. I missed that one, didn't I? The stimulus package ended up costing over 1 trillion dollars when the interest is factored in.

Our national debt is growing rapidly. And let's make sure we put this in the proper perspective. It has been rightly pointed out that the debt held by the public grew during the eight years of that last Administration. Indeed, in the years from 2001 to 2006, the debt grew, albeit by less than one percent per year in terms of GDP. I have a chart here that shows that.

By the way, the greatest debt growth occurred in the last two years of that Administration, when we had a Democratic-controlled Congress. For all the criticism we heard of the marginal rise in public debt in the period of 2001-2006, what occurred during the last Congress exceeds it altogether. Moreover, with respects to deficits, again we heard a lot of criticism of the widespread bipartisan tax relief after 2001 and through 2006.

In fact, as the next chart shows, the deficit went down as tax relief went into full effect. The current Administration inherited a one trillion dollar deficit, and they promptly added another one trillion dollars to our national debt with their so-called economic stimulus bill.

The stimulus bill contains a number of entitlement expansions, which if made permanent, would add another two trillion dollars to the debt. And our unfunded obligation for Social Security and Medicare is more than 40 trillion dollars over the next 75 years.

I have heard some folks say it is our moral responsibility to provide health care coverage for all. We have an equal if not greater moral responsibility to do so in a fiscally sustainable manner. Let me quote Peter Orszag, OMB Director, in yesterday's Washington Post. He said: "Let me be very clear: Health care reform is entitlement reform. The path of fiscal responsibility must run directly through health care."

For some, fiscal responsibility and health care reform don't usually go together. So it's good to hear the new Director of the Office of Management and Budget at the White House making this connection. Getting overall health care costs under control is an elusive goal. Even if it is achievable in the long-term, it will not replace the need to tackle the difficult job of slowing the growth in entitlement spending in the near-term.

If we don't, then we won't be living up to the promise made to protect these important programs for future generations. In their current state, these entitlements – and here I'm talking about Medicare and Medicaid – are not financially sustainable.

But, we must be very wary of the idea that we have to spend more up front to reap savings down the road. Too often with the federal government, the up-front spending happens, but the long-term savings don't. There's no question in my mind that if we're not careful, Congress could make the situation worse. One could easily see how spending more up front could make the financial problem facing Medicare and Medicaid even worse than it already is today.

The President has an opportunity as he walks this razor's edge between a broken health care system and fiscal catastrophe. He has the opportunity to move beyond the unfortunate partisanship of the final Children's Health Insurance bill and the stimulus. He has the opportunity to set aside the fiscal alchemy we have seen in prior budgets and set a new standard for honest budgeting in health care. He has the opportunity to move beyond the sound bites of campaigns and into the reality of funding health care coverage in fiscally challenging times. There is an opportunity here. With the budget tomorrow, the President can show us a pathway to move forward with fiscally responsible health care reform.

As I said on the floor at the end of the CHIP debate, I am willing to move past the partisan politics that have dominated these first few weeks of 2009, because the issue is critical to our constituents. I'm willing to find ways to work together. But we clearly have our work cut out for us. That's why I'm pleased that we are having this hearing today. The Congressional Budget Office plays a central role in the health care reform debate. They are the official scorekeeper on fiscal issues for Congress. We are going to have to pay close attention to what the Congressional Budget Office has to say about health care reform proposals. We will have to examine closely the cost drivers in our system and what to do about them. Rising costs put health coverage out of reach for more and more people. We need to find ways to encourage more efficiency in the system. And we need to reward providers who consistently deliver higher quality care. The Congressional Budget Office has done quite a lot to start this conversation, and I look forward to the testimony today.

