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**Prepare for Launch Health Reform Summit
Opening Statement of Senator Max Baucus (D-Mont.)**

Good morning and welcome.

I am very excited about today's summit. The name of this summit, "Prepare for Launch: Health Reform Summit 2008," invokes the image of space travel. In fact, given the disarray of the American health care system, some of us might wish our task was planning to go to the moon. Because that sounds like a piece of cake compared to reforming health care.

But it is important to remember our success in sending a man to the moon. Next month, on July 20, we will celebrate the 39th anniversary of Neil Armstrong's moonwalk.

We were able to put a man on the moon, because — pardon the pun — the stars aligned. A team of smart and devoted experts worked for goal-focused leaders who were trying to give the American people what they wanted. Everyone came together, agreed on a goal, and worked out a path to achieve it. Thinking outside the box was encouraged, as the goal was so lofty that it often required going where no man had gone before.

We've made similar strides in medical care. We've created vaccines for polio and other scourges. We are coming close to developing a new vaccine for Bird Flu.

Come to think of it, our mission is not so different. We know that the American people want and deserve healthcare reform. We know that they want improved health outcomes, increased access to health care services, and an end to spiraling health care costs. We have so many experts who have spent years studying the healthcare system and options for reform. We have to agree on our goal, and we will find away to achieve it.

That is why I convened this summit. Congress must prepare for the work of reforming the healthcare system. We have to develop common understandings of our current system — the good and the bad parts — so that we are ready to work on reform.

We have a very serious task before us. It is one that stands to benefit every man, woman, and child in the country. We will succeed only if we work together and think outside of the box.

So let's gear up for our mission. It's time for us to do the groundwork, so that we're ready when, as legislators, we're called on to perform. In short, let's prepare for launch.

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Today's summit will help us to prepare. We are bringing together legislators and policymakers in an environment where we can put political differences aside. We need to reach a common understanding of the problems with our healthcare system and what the potential solutions are. Today, we have some of the most notable names in health care to help us learn the lessons that will ready us for reform.

We will cover a broad range of topics. The issues covered in today's sessions cover the gamut within the health care system. We will have sessions on trends in employer-sponsored coverage and the role of public programs. We will hear about reform in the insurance market, as well as state-based reform. We will also discuss controlling the cost of health care.

Today is an opportunity to learn. It is not about divisive ideological debates. It is a chance for us to engage in serious discussions about policies and issues related to our health care system.

Committees in Congress have already started to lay the groundwork for reform. The House Ways and Means and Energy and Commerce Committees have held at least five hearings. Those hearings have ranged from looking at disparities in the health services delivered to the instability of health coverage in America. The Senate Finance Committee has held three hearings to gather information about the challenges of reform and to take stock of the major problems within the system.

I'd like to highlight some of the comments that we heard at the Senate hearings. First, there was solid agreement among witnesses that too many Americans lack access to adequate and affordable coverage.

The witnesses made clear that the enormous amount of money we spend on medical care in America does not appear to buy us outstanding health. It leaves 47 million Americans without coverage and millions more with inadequate coverage.

Several witnesses shared their own stories of our health system failures. Lisa Kelly, from Lake Jackson, Texas, testified that she incurred more than \$200,000 in medical bills because the "limited benefit" plan that she bought on her own will not pay the full cost of her cancer treatment. She bought the insurance through the individual market when she left her job to help care for her ailing mother. That coverage left her dangerously underinsured.

Raymond Arth, President of Phoenix Faucets, reported that his small manufacturing company is on the brink of dropping coverage for its 100 employees for the first time in its 30-year history. His company's premiums have increased rapidly for several years, because many of his employees have stayed on the job and aged. Even after he switched his employees to a high-deductible plan, his premiums jumped 32 percent in one year, because one of his employees has an expensive medical condition. Just one sick employee can make coverage unaffordable in the small group market.

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The Ford Motor Company and the AFL-CIO also urged the Committee to look at ways to make health insurance more affordable for everyone. Large businesses and unions also struggle to afford good coverage, even though they have significant advantages in the health insurance market.

Several witnesses reminded us that large employers provide a natural pooling mechanism that is not based on the health status of their employees. In this way, large employers can spread risk and offer insurers more optimal groups to cover.

Others seeking to purchase insurance — like small employers and individuals — are not so fortunate. Ron Williams, CEO of Aetna, acknowledged that “serious and frankly unacceptable deficiencies” persist in our health system today.

There was widespread agreement on the nature of the problems in our health system today. Former HHS Secretary Shalala wisely counseled us, however, that “agreement on both the definition of the problem and the solution must be present if we are to succeed.”

Witnesses almost unanimously cited slowing the growth in health care costs as essential, if we are to meet our goal of providing quality coverage for all Americans. Paul Ginsburg of the Center for Studying Health System Change warned that new technology — both new tests and treatments and new applications of older technology — is a main driver of healthcare costs.

Mark Hall of Wake Forest University pointed to the “80/20” rule: serious disease is highly concentrated in a relative few patients. And he cited that as the single most important factor driving costs and behavior in the insurance market.

Solving these problems will not be an academic exercise. The problems in our health system are serious. They involve life and death. They are not pleasant to think about. But they are what bring us here today. The solutions will affect each and every one of us.

Former HHS Secretaries Donna Shalala and Tommy Thompson shared insights on how we should approach health reform. The former Secretaries offered several areas where consensus is developing:

Insure everyone. Nearly 80 percent of people without health coverage today work full-time. Secretary Shalala pointed out that other countries such as Switzerland and Taiwan recently achieved universal coverage through reforms that are economically sustainable.

Revamp payment systems toward quality. Payment should encourage the right care to be delivered at the right time.

Focus on prevention and wellness. Healthier lifestyles will help lower costs in the long-run.

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Encourage adoption of information technology. If used properly, IT can help eliminate errors and duplication of services.

Expand comparative effectiveness research. Just because something is available, does not always means it is the most effective.

We also heard that pooling arrangements that mimic large employers are essential to reforming the health insurance market. Interestingly, we heard the size of the pool is not important. What matters is placing people into pools for reasons other than their health.

Dr. Beth McGlynn of the Rand Corporation advised that solving the coverage and cost problems will not automatically solve the quality problem. Providing universal coverage will not guarantee that more Americans get the right care at the right time. We need to focus on quality for its own sake.

And we heard from several witnesses that no single solution will solve our health failures. We must engage in a sustained and multi-faceted approach if we are to reach our goal of quality, affordable health care for all Americans.

Members of Congress and guests, we have our work cut out for us. But today is about learning. We do not have to come up with all the answers today. We are not here to push a particular agenda or solution. We are here to delve into the nature of the problems and survey options for reform.

I hope that the dialogue here today will lay the groundwork for our efforts next year. I encourage us all to take this opportunity to learn and to listen — to the experts and to each other. If we design our mission together, and set our course together, then we will reach the goal of providing affordable, quality health care to all Americans.

I thank you all for participating in the summit. Now, let's prepare for launch!

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