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Hatch Statement at Finance Committee Hearing on HHS's Budget Request

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today issued the following opening statement at a hearing examining the Obama Administration's Fiscal Year (FY) 2017 budget request for the Department of Health and Human Services (HHS):

It's a pleasure to welcome everyone to today's hearing, which will be our third and final hearing on the President's proposed budget for Fiscal Year 2017. We've already had the Treasury Secretary and the IRS Commissioner appear before us. Today, we'll be talking with the Secretary of Health and Human Services.

Thank you Secretary Burwell, for being here today. It has been over a year since we last had the pleasure of seeing you before the committee, and we are glad to have you back, because, as you might expect, we have a lot to discuss.

I'll begin with the most obvious topic that I think people will want to discuss today. I don't think anyone was surprised to see that, in his final budget, President Obama chose to continue bolstering the so-called Affordable Care Act.

Secretary Burwell, I think you know my opinion on this matter. In my view, providing any further funding for Obamacare would simply be throwing good money after bad, because, quite simply, the law is just not working.

Let me offer a few examples that demonstrate this point.

Problem Number One: While the administration and its supporters in Congress like to tout the numbers of "newly insured" people under the health law, the vast majority of those people have gained coverage through Medicaid, not through the health insurance exchanges.

The relative decline in the number of uninsured people under Obamacare cannot be attributed to supposed improvements in the private insurance market, or to the coverage mandates imposed on employers and individuals. In fact, any increases in enrollment we've seen in private insurance plans have been almost entirely offset by the number of people who have lost the insurance they obtained through their employer before the law went into effect.

But, according to a recent report, more than nine million people gained coverage through Medicaid in 2014, the vast majority of them in states that expanded their programs.

This is problematic for a number of reasons, most notably because Medicaid, as it is currently constituted, is a fiscally unsound program that is crippling state budgets all over the country. And, in terms of the quality of care, Medicaid is one of the worst health insurance options in the country.

Long story short, I'm not sure that the administration should be bragging about enrolling people into Medicaid.

Problem Number Two: The State Exchanges are not working.

To date, the Centers for Medicare and Medicaid Services, which oversees the exchanges, has issued more than \$5.5 billion in grant money to build exchanges in 17 states. Yet, every single state exchange faces significant budgetary shortfalls. For example, CMS gave \$733 million to establish state exchanges in Hawaii, Nevada, New Mexico, and Oregon. All four of these exchanges failed to become self-sustaining and were forced to transition consumers to the federal marketplace, and it is increasingly unclear whether the government will ever recoup that money.

Problem Number Three: Premiums are going up.

HHS recently announced that premiums for benchmark plans will rise by an average of more than 7 percent nationwide, and many communities across the country are experiencing much larger rate increases.

For example, one prominent health insurance expert reported earlier this year that Care First Blue Cross of Maryland, which controls 80 percent of the market in that state, requested a 34 percent rate hike. The Blue Cross plan in Tennessee, which controls 70 percent of that market, asked regulators to approve an increase of more than 36 percent.

One of the chief claims proponents of the Affordable Care Act made when the law was being drafted and passed was that it would reduce health care costs. Clearly, by its authors' own standards, Obamacare is failing.

I've listed three specific problems here today. There are obviously many others. I'm sure we'll talk about quite a few of them during this hearing.

I have one final item to mention with regard to Obamacare, specifically as it relates to Puerto Rico. In his budget, the President requests nearly \$30 billion in Medicaid funds for Puerto Rico, partly to avert a coming cliff in the island's program funding.

It needs to be specifically noted that this cliff – this steep drop in future Medicaid funds for Puerto Rico – was purposefully written into the Affordable Care Act by its authors. Many people – including many who supported the law that instituted this cliff – have been quick to tell us that we need act swiftly to fix this problem to help alleviate Puerto Rico’s debt crisis. What they won’t tell us is why the cliff was written into the law in the first place.

What’s even more puzzling, Secretary Burwell, is that I have repeatedly asked senior administration officials, including you, for their views on legislation pending before Congress to address this cliff, including legislation that would provide precisely the funds the President is now requesting with his budget. Yet, until the day before yesterday, no one in the administration would offer any specific views on the matter.

We know that some members of Congress have been all too willing to turn Puerto Rico into a political football. The fact that the administration, including HHS, is so reluctant to provide basic information about its views demonstrates, at least to me, that it also is more interested in politics than solutions when it comes to Puerto Rico. This is unfortunate, to say the least.

Before I conclude, I’ll try to end on a happy note. While there are many parts of the President’s budget I find disagreeable – and that’s being generous – I think there are some areas where we can find common ground.

For example, the budget proposes several steps to address the appeals backlog in the Medicare claims payment system. Over the past year, this committee has worked with HHS to finds ways to address this problem. As you know, we even reported legislation on this issue.

Secretary Burwell, we appreciate your partnership on this important issue. I hope you’ll continue working with us to get our legislation passed this year.

The budget also proposes additional spending to combat opioid abuse. This is an issue of critical importance to many members of this committee, so I am glad to see a focus on it in the budget and hope we can find some common ground there as well. As you can see, we have a lot to talk about today.

I just want to once again thank Secretary Burwell for being here today. As I’ve said many times before, I don’t envy your position. You have a difficult job. And, I expect that we’ll be making it a bit more difficult today. But, we do need to address these issues and get some answers. I look forward to hearing your views on these important matters.

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