



Committee On Finance

Max Baucus, Chairman

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Hearing Statement of Senator Max Baucus (D-Mont.) Regarding the President's Budget Proposal with Secretary Leavitt

The prophet Ezekiel admonished his nation's leaders. "Woe to the shepherds of Israel," he said. "The weak you have not strengthened, nor have you healed those who were sick, nor bound up the broken."

Mr. Secretary, you at the Department of Health and Human Services, and we here at the Committee of Finance, have a similar duty. We have a duty to be good shepherds. We have a duty to strengthen the weak, to heal the sick, and to bind up the broken.

The budget is where we do that. The budget answers the questions: Will we strengthen the nation's children? Will we heal the nation's poor? And will we care for the nation's elderly?

This year, Congress has a once-in-a-decade opportunity to strengthen the health of our nation's children. Improving and expanding the State Children's Health Insurance Program, or CHIP, is this Committee's top health care priority this year.

Here are my five priorities for CHIP:

First, we must give CHIP enough money to maintain coverage for those whom it already serves.

Second, we must work to reach the six million uninsured children now left behind — those who are eligible for CHIP or Medicaid but not enrolled.

Third, we must support state efforts to use CHIP to cover more children.

Fourth, we must improve the quality of health care under CHIP.

And fifth, we must not increase the number of Americans without health insurance.

The administration's budget would not achieve these goals. The budget for CHIP is not that of a good shepherd.

The budget provides \$5 billion in new funding for CHIP. That's only about a third of what will likely be needed just to maintain current services.

Equally troubling are the budget's policy changes. Many states are employing CHIP to expand access to all children. But the administration's policies would undermine these efforts. The budget would do so by lowering funding rates for children in families with incomes more than twice the poverty level.

Today, a family of three with an income twice the poverty level makes a little more than \$34,000 a year. But an average family health plan costs \$12,000. The budget would put health coverage out of reach for low-income working American families. The budget would tell them that they should spend more than a third of their income on health insurance.

The budget's proposals threaten the remarkable success of the CHIP program. If Congress were to enact those proposals, more than one million children and 600,000 of their parents, caretakers, and other low-income adults could lose health coverage.

In my own state of Montana there are more than 37,000 uninsured children. Across the nation, there are nearly nine million. But the administration's proposals would do little to help states respond to this growing crisis. It says to states like Montana - who are trying to do the right thing and expand coverage - we aren't with you. And, by shortchanging CHIP on funds and lowering the federal share for children above 200 percent of poverty, this budget could actually contribute to even more children becoming uninsured.

The administration's budget would also make it harder to heal the nation's poor. I have deep concerns about the budget's more than \$26 billion in Medicaid cuts.

The budget calls for \$14 billion in legislative changes to Medicaid. That's twice the size of the \$7 billion in Medicaid cuts that Congress narrowly approved in the last Congress, after a bitter fight, in the Deficit Reduction Act. Cutting Medicaid again so much, so soon, is too big a hit for this critical safety net program.

And the administration's budget would make it harder to care for the nation's elderly. The budget offers drastic, across-the-board cuts in Medicare payments to providers. But those cuts fall only on the fee-for-service program. The budget would cut payment updates for hospitals, nursing homes, home health agencies — you name it — by one percent, indefinitely.

This would undermine access to care in the traditional program, especially in states like Montana. Rural areas would be most hurt by sustained cuts to hospitals. Ninety-five percent of Montana Medicare beneficiaries choose fee-for-service. I will not turn my back on these seniors.

In addition, the budget exempts the Medicare Advantage program from cuts. The budget shaves one percent off of traditional Medicare forever. But the budget does not touch Medicare Advantage plans. This policy lends credence to those who believe that the administration is attempting to privatize entitlements. The American people have soundly rejected that ideology.

I share the President's concern about rapidly rising health care spending. Health costs are consuming more of the Federal budget each year. And they undermine our nation's economic leadership. For the sake of our nation's elderly and disabled citizens, we need to secure the long-term sustainability of Medicare. But I am disturbed by the administration's approach.

Instead, we should roll up our sleeves and enact targeted changes where Medicare is overpaying for products and services. I've been working to identify these areas. Working together with my Colleagues on both sides of the aisle, we can make a stronger, more efficient, and more sustainable Medicare.

And the administration is not being a good shepherd for Medicare's prescription drug program. The only change that the budget proposes is to raise premiums for high income beneficiaries.

I helped to write the law that created the Medicare drug benefit. And I still support it. But the law is not perfect. And neither was its implementation.

I believe that this Committee should work together to make modest improvements to the drug benefit. The program should be simpler and more accessible for all Medicare beneficiaries. And we must do better at enrolling beneficiaries who are eligible for the low-income subsidy.

And so, Mr. Secretary, you at the Department of Health and Human Services, and we here at the Committee of Finance, have much work to do together. Let us work together to strengthen the nation's children. Let us work together to heal the nation's poor. And let us work together to care for the nation's elderly. Together, we have the opportunity to be the good shepherds that our duty and our nation require.

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