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Press_Office@finance-rep.senate.gov

Floor Statement of U.S. Senator Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
Health Issues in the Fiscal 2009 Budget Resolution
Tuesday, March 11, 2008

I talked previously about some of the tax issues in this budget resolution, and now I'd like to turn to some of the health issues in the budget resolution.

The biggest health care issue in this budget resolution is a stealth provision. You can't see it, but it's there. I'm talking about reconciliation.

Now it is true that there is no reconciliation instruction for spending in the Senate resolution, but it is in the House version.

Last year, there was a single committee instruction in the House-passed resolution, but not in the Senate-passed resolution. The final conference version last year deferred to the House. So I am willing to bet that the House instruction will be in the final budget that comes back from the House-Senate budget conference.

And truthfully, it makes no sense for the House to have a reconciliation instruction. The House doesn't need reconciliation protection. The Speaker and the Rules Committee make sure that the House is strictly controlled by a majority vote.

Reconciliation is only important for the purposes of the Senate and limiting the role of the minority.

I don't think the other side really wants a debate in the Senate about reconciliation, so they've hidden the reconciliation instruction in the House bill so they can drop it in their final budget.

Since I'm pretty confident it will be in their final budget, I am going to spend a few minutes talking about it now.

It is true, of course, that reconciliation can be a very useful and powerful tool for actually making policy to rein in government spending. Reconciliation can be used to pass controversial reductions in entitlement spending. By design, the reconciliation process greatly reduces the role

of the minority in the Senate.

But let's review the basics on how to make law around here. To make law not only does Congress have to pass it, but the President has to sign it. Or you have to have votes to override a veto.

In the last 20 years, precisely four vetoes have been overridden. Pursuing an override strategy is an uphill battle, as anyone who worked SCHIP last year can explain.

To have the President sign it means the bill will have to be bipartisan - the President is not going to sign a partisan bill. The President won't sign a bill that lacks involvement and support by Republicans. Since reconciliation cuts Republicans out of the process, it won't work. Likewise, what do you have to have to override a veto? Republicans. About 16 in the Senate and 60 in the House. And since reconciliation is a partisan process and is passed with only partisan support, it won't work. It will be a pointless political exercise. It won't become law. Plain and simple.

If you want to make law this year, you will have to involve Republicans. And since you'll need Republicans to make law, you don't need reconciliation to get the bill passed. If the effort is bipartisan, you don't need the restrictive rules of reconciliation to get it done.

What we are considering today is not about making policy. So what is the point of it? It's about playing politics.

We are in an election year; a Presidential election year. We all know the stakes are very high.

So why on earth should anyone believe that trying to move a partisan Medicare and Medicaid reconciliation bill makes any sense?

Exactly what bill does the majority want to pass that won't have broad bipartisan support? Fortunately, the Chairman of the House Ways and Means Committee answered this question for us. He confirmed that he wants to include the House-passed Medicare bill from last year in reconciliation, a bill better known in health care circles as the CHAMP bill.

You may be wondering what is in the CHAMP bill that wouldn't pass unless it would be included in reconciliation. Fortunately, there's an answer to that question too. The House CHAMP bill includes drastic cuts to home health care, hospital care, and skilled nursing care.

The House CHAMP bill also would end the availability of Medicare Advantage plans-and their extra benefits-- in many rural areas. It would also drastically cut benefits for rural seniors who are enrolled in a Medicare advantage plan. Throughout the country, it would also cut other benefits like preventative health benefits that seniors rely on when they enroll in a Medicare Advantage plan. The House CHAMP bill would also result in higher out-of-pocket costs for lower-income seniors who are in enrolled in a Medicare Advantage plan.

The House CHAMP bill also has some changes in the State Children's Health Insurance Program that merit further discussion to be sure. It would turn the capped SCHIP block grant program into an uncapped entitlement program. Childless adults would be allowed to stay on SCHIP indefinitely. And it would add coverage of legal immigrants to the SCHIP program. None of these provisions were included in the bipartisan package we worked on together last year.

Look at this chart here - it is the whole to do list that is hidden in their agenda for the year. It is hidden in their stealth plan to do a reconciliation bill this year.

So one logical question you might ask is why would they be thinking about using reconciliation this year? The answer is simple. They know they don't have the votes to pass these kinds of drastic Medicare cuts. And they don't have the votes for these bad policies in SCHIP. So they want to force it through the process by stuffing it into a partisan reconciliation bill.

Now, just focusing back on Medicare, let's consider what's at stake. We have until the end of June to pass a Medicare bill that the President signs into law.

If the Democratic leadership insists on using budget reconciliation for the Medicare bill, they will fail to get a bill enacted.

Failure to get this done has serious consequences for seniors and disabled Americans who rely on Medicare for their health care.

Failure to get a bill done and signed means that severely disabled or injured Medicare beneficiaries won't be able to get the therapy they need beginning in July.

Failure means that sorely needed doctors and other health care professionals in rural areas are going to see a drastic reduction in their Medicare reimbursement.

It means that low-income beneficiaries who need help with their Part B premium won't be able to get it because the Qualified Individual program in Medicare will have expired.

It means that patients with end stage renal disease who need dialysis will still be in a system in need of payment reform. These reforms are needed to improve how ESRD facilities are paid so they have stronger incentives for improved clinical outcomes and enhanced quality of care. Reforms are also needed to eliminate incentives for overuse of drugs.

It means that seniors' reliance on ambulance services in rural areas will be put at risk because of underpayments for rural ambulances.

And it means that, beginning in July, Medicare beneficiaries will have their health care threatened when family doctors, surgeons, medical specialists and, nurse practitioners all across this country will have their Medicare payments cut by more than 10 percent.

In many areas doctors are in short supply. With a ten percent pay cut some may just stop accepting Medicare beneficiaries. New beneficiaries may also have trouble finding a doctor who will take them.

Failure also means that other important initiatives won't get done. It means that legislation to strengthen incentives for physicians to use electronic prescribing won't happen. This means that we'll continue to have higher rates of dangerous medical errors that put people's lives at risk.

It means that our nation's seniors and disabled Americans will still be in a health care system that rewards poor quality care because enacting hospital value based purchasing in Medicare won't happen.

These are just some of the reasons why we shouldn't even be thinking about reconciliation as a way to avoid this set of outcomes in July.

I hope that we can set aside this reconciliation charade and work on a bipartisan basis to get a Medicare bill passed and signed by the end of June. The stakes for failure are too high. So let's not kid ourselves about including a reconciliation instruction in the final budget. It's not about making policy. No one should mistake it for a serious effort. It's about jamming a bill through Congress and forcing the President to veto it. It's about making politics. It threatens the Medicare program and the seniors that rely on it. And I'll have nothing to do with it.

What we are considering today is not about making policy. So what is the point of it? It's about playing politics.

So if we are going to have a serious effort at legislating, I would hope the other side would decide not to pursue a partisan reconciliation bill. Instead, we need to work out a bipartisan bill that can become law.

The bottom line is that reconciliation is a bad idea. It's partisan. It won't become law. We have serious work to do before the end of June. And a sham political reconciliation exercise is not getting us any closer to getting it done. While the stealth reconciliation instruction is the most disturbing facet of this budget, it's not the only problematic health care provision. The budget misses the opportunity to continue the bipartisanship that was forged in the Senate over the State Children's Health Insurance Program (SCHIP).

Last year, SCHIP reauthorization was the top health priority. It was a difficult and bruising battle. But the \$35 billion compromise bill garnered 68 votes in the Senate. It was a true show of bipartisanship. Rather than come back to the second session of the 110th Congress to roll up their sleeves and finish the job, the Democrat Majority is abandoning that bipartisan work from last year.

How do we know this? Well, it's very clear. This budget returns to the \$50 billion reserve fund for SCHIP from the last year's Democratic budget-a figure that was soundly rejected by the Senate last year.

My colleagues know that a key feature of last year's SCHIP deal was to cap spending at \$35 billion. But they didn't include the \$35 billion for SCHIP that had bipartisan support. Where is the bipartisan spirit from last year? Are we to assume all our hard fought compromises are a thing of the past? It certainly looks as though the policy behind last year's SCHIP compromise has been abandoned for politics.

Finally, I want to turn to the way certain CMS regulations are treated in the budget resolution.

I know some people have concerns with the CMS Medicaid regulations. I'm not going to argue they are perfect.

However, the regulations do address areas where there are real problems in Medicaid. States don't have clear guidance and could be inappropriately spending taxpayer dollars. And let's talk about how many dollars are involved.

The budget resolution provides for \$1.7 billion to address the regulations. That amount, 1.7 billion dollars, is only to delay the regulations until the end of March of next year in hopes that the next administration will pull back the regulations.

Of course, that's what the people who are supporting this provision are hoping for. What would it cost if we tried to completely prevent these regulations from ever taking effect? Not 1.7 billion dollars that's for sure.

It would actually cost the taxpayers \$19.7 billion over five years and \$48 billion over ten years. That's right! \$48 billion!

It is an absolute farce for anyone to argue that all of those dollars are being appropriately spent and that Congress ought to just walk away from these issues.

We can make these regulations go away, but there are still problems in Medicaid that need fixing. CMS still has a fundamental responsibility to combat fraud, prevent inappropriate spending, and protect the integrity of the Medicaid program. This budget resolution tells CMS to take the rest of the year off. Your work is no longer necessary here. Mr. President, that is a serious mistake.

What we ought to do is have an instruction that requires the Finance Committee to replace the regulations. Instead of just making the regulations go away, the Finance Committee ought to be tasked with replacing them with policy that fixes the problems. That's what we should be doing for the taxpayer.

So let's review what we have in this budget resolution:

First, we have a stealth reconciliation provision that promises to place politics over getting important policies accomplished.

Second, we have an SCHIP provision that abandons the bipartisan progress made in 2007.

Third, we have a Medicaid provision that carelessly abandons the integrity of the program in several key areas.

With Spring training in full swing, I'll borrow a baseball analogy. That's one, two, three strikes ... well you all know the rest. I yield the floor.