



For Immediate Release
February 6, 2008

Contact: Carol Guthrie
202-224-4515

**Hearing Statement of Senator Max Baucus (D-Mont.)
Secretary Leavitt on the President's Budget**

President Franklin Roosevelt said: "Democracy cannot succeed unless those who express their choice are prepared to choose wisely."

The President's budget request presents the President's choices. Once the President puts his proposals forward, it then becomes the Congress's job to scrutinize those choices. We must determine whether he has chosen wisely.

I am just as interested as the President in controlling healthcare spending. But his choices are not the best ones for the long-term health of our Country, our Federal healthcare programs, or the seniors, people with disabilities, children, and poor who rely on them.

Over the next five years, the President proposes cutting more than \$182 billion out of Medicare. He proposes cutting more than \$18 billion out of Medicaid. And he proposes meager funding for Children's health.

These numbers are staggering. They do not reflect the choices of America's seniors, people with disabilities, children, and less fortunate citizens.

The President's choices related to the Medicare program are particularly troubling. His budget proposes over \$182 billion of Medicare cuts.

A significant portion of these cuts come from drastic, across-the-board reductions in what Medicare pays healthcare providers. But the President proposes those cuts only in the traditional fee-for-service program.

The President chose to permanently cut payments to hospitals, nursing homes, rehabilitation facilities, and hospices. He also proposed permanent reductions in Medicare payments for ambulances, outpatient hospital services, and home health services.

But the President chose not to address the differential between traditional fee-for-service and private Medicare Advantage payments. MedPAC estimates this differential at 13 percent. MedPAC recommends that we eliminate the difference.

--more--

The Committee held a hearing on Medicare Advantage last week. We'll have another one tomorrow. With all the problems that Americans are learning about Medicare Advantage, it is confounding that the President chose not to propose any changes in the program.

Why did the President choose to protect private health plans at the expense of hospitals and other providers that treat beneficiaries in the fee-for-service program? This budget demonstrates where the President's priorities really lie.

The only change that the President proposed for the Medicare prescription drug benefit is to increase premiums for beneficiaries with high incomes.

No one supports the Medicare drug benefit more than I do. After all, I helped create the benefit. But it is not perfect.

The most recent HHS survey revealed that 85 percent of beneficiaries are satisfied with the drug benefit. That is an encouraging number. But it means that we have more to do before all beneficiaries are satisfied. The President's choice appears to indicate that he is more easily satisfied than this Committee is.

Medicaid is America's healthcare safety net. It provides access to health care for the most vulnerable among us. Tough economic times like these stretch Medicaid to its limits.

Since the President's last budget, the administration has proposed a number of changes to Medicaid that decrease what the Federal Government will pay. This means that states have either to make up for lost Federal dollars or to cut services.

Now, on top of that, the President wants to make over \$18 billion in additional cuts to Medicaid. Cuts of this magnitude are too big for this critical program. And that's especially so when Medicaid is stretched so thin.

And the President also proposes to fund the State Children's Health Insurance Program at just \$19 billion above baseline over the next five years. This level of funding is far below what Congress chose to provide last year.

Last year, this Committee made reauthorization of the Children's Health Insurance Program — or CHIP — its top health care priority. After months of hard work, Congress delivered a bipartisan reauthorization package to the President. He vetoed it.

A bipartisan group of Senators and Representatives resumed negotiations. We tried to craft a package that the President would sign. We spent more long days and nights hammering out an agreement that addressed a number of the President's concerns. We sent the President that second bipartisan reauthorization package. He vetoed that one, as well.

--more--

Now, the President has proposed funding far below the level for which Congress has twice demonstrated its support. CHIP provides access to health care for America's poorest kids. The President is choosing not to do all that he can to improve and expand health care for America's children.

So, Mr. Secretary, help us to understand the President's choices. Help us to understand how making his proposed cuts would affect beneficiaries, our Federal healthcare programs, and our Country. And help us to work together to choose more wisely.

###