

Statement of the Honorable Tom Price, M. D. (GA06)
Education and Labor Subcommittee on Health, Employment, Labor
and Pensions

*Health Care Reform: Recommendations to Improve Coordination of
Federal and State Initiatives*

May 22, 2007

Good afternoon. I would like to thank Chairman Andrews, Ranking Member Kline, other distinguished members and staff for holding this critical hearing and for allowing me to participate.

Our nation's health care system is facing a serious crisis. As a physician for 25 years, I have seen firsthand the problems with the health care delivery system. With more than 46 million lacking health insurance at some point during 2005, the rate of episodically uninsured has increased by more than 5 million over the last four years. This is due to a variety of factors including rising health care costs and decreasing employer-based coverage.

Due to its broad scope and complexity, the challenge and consequences of the lack of health insurance in America does not have a quick fix. And the partisan battles over what type of major reform should be implemented seemingly have blocked any real solutions from moving forward. For the past decade the focus on reform from the left has been support for moving us toward a single-payer system. On the right, the push has been toward market-based or consumer-directed health plans. If any conclusion may be reached about our current dilemma, it is clear that a one-size-fits-all approach may not be possible on the federal level in the near future.

For this reason, many states have determined that they have no option left to coming up with their own health care reforms as more of their population becomes uninsured and their health care dollars spiral out of control. Massachusetts, Minnesota, Pennsylvania, Vermont, and California are several states that have attempted to correct some of the flaws found within the current health care system. We have seen efforts to expand to universal coverage, allow for tax incentives, implement an individual mandate, and even create preventative and wellness programs. These types of bold reforms should be praised. We should continue to encourage this type of innovation and creativity.

States have some advantages when it comes to health reform. States already have the responsibility for regulating health insurance and licensing health care providers. They have local demographic advantages in reforming the health care system, as states usually have a more uniform population than the country as a whole. A custom-made health care financing system can be designed to fit the state's preferences rather than having to implement a system designed for the entire nation.

Rep. Baldwin, Rep. Tierney (along with former Rep. Beauprez last Congress) and I have spent over two years working on a federalist approach that would help foster innovation and state health reforms. By encouraging states, regions, and localities to come up with a diverse set of ideas, we may benefit from the use of multiple approaches - conservative and liberal - to solving the problem of the uninsured. H.R. 506, the Health Partnership through Creative Federalism Act, gives states and regions the flexibility to try new ways of covering their uninsured population. An endless variety of approaches might be implemented - tax credits, expansion of Medicaid or SCHIP, creation of pooling arrangements like FEHBP, single-payer systems, health savings accounts, or a defined benefit insurance model.

H.R. 506 would work by encouraging states to submit a health care expansion and improvement proposal to a bipartisan commission composed of local, state and federal representatives. The commission would consider the state applications, weigh the pros and cons, and choose a variety of approaches. The slate of proposals would then be sent to Congress for an "up or down" vote. If approved, states would receive grants to assist in implementation of their health reforms and would be required to report on the progress throughout the five-year period. The commission would be responsible for reporting to Congress on whether states are meeting their goals and whether the reforms should continue.

This bill would also give states more flexibility around restrictive federal regulations that inhibit covering their uninsured. By expanding state waiver authority and allowing flexibility in other federal requirements, states may be more expansive with their reform ideas. What a great benefit it would be to allow the laboratory of the states an opportunity to shed greater light on various health coverage options.

When it comes to reforming our nation's health care system, the three of us have very different ideas as to what this should look like. That is why this

bill makes so much sense. We allow for all of our ideas, and others, to be tested. Reform that may work in one state or region might not work as well in another. Let the states foster innovation and competition. I truly believe this is where we will finally get to see positive and encouraging health care solutions. Please allow me to also thank Subcommittee Members Ms. McCarthy, Mr. Wu, Mr. Holt, Mr. Hare, Mr. Marchant, and Mr. Walberg, who are among the 66 cosponsors - 30 Republicans and 36 Democrats - of this bipartisan bill. I hope today's testimony will encourage other members of this Subcommittee and our colleagues on the full Education and Labor Committee to support this vital legislation. I am enthusiastic about the possibilities for success across our nation with this approach to a vexing challenge.

Thank you and I look forward to your questions.