



Remarks to Health Care Leadership Council by Senator Max Baucus
Thursday, September 23, 2008
Willard Intercontinental Hotel

I plan to move forward on health care reform next year, because we cannot afford to wait any longer. I want to see meaningful health reform legislation that achieves universal coverage and addresses the underlying problems in our health system enacted next year.

Not only is the time ripe for this debate, but the moral imperative has never been stronger. Since the early 1990s, the number of uninsured has increased by seven million, while health spending has increased as a share of our nation's GDP from 12 percent to 16 percent. And at the same time, the proportion of the public who believe that the health system needs to be completely rebuilt or needs fundamental change is exactly what it was in the early 1990s, 90 percent.

You know better than anyone that the cost of health care is making it impossible for U.S. companies to compete globally and that, as a nation, we spend more on health care than any other country – but we aren't getting our money's worth. By almost every outcome measure, the U.S. health care system provides worse care for patients than most other countries yet we spend more. That's not acceptable.

For all of these reasons, the opportunity to engage in a national dialog on health reform is before us.

In my brief time before you this evening, I want to give you a sense of what the Finance Committee is doing to prepare for this national debate and discuss some of the key questions we need to answer going forward.

In preparation for next year, we're holding a lot of hearings. Hearings are the best tool at my disposal to educate members, staff and stakeholders on critical issues. The Finance Committee has held eight hearings on health reform – and on top of that, we had a day-long health summit in June. I told my staff, if the Senate is in session into October, I want to do more health reform hearings. And if we're back in November, we should do more hearings.

I'm also spending time talking to my colleagues – members on the Committee and off the Committee, Democrats and Republicans. Trying to get a sense of what's important to them and their thoughts and views on the issues that will matter. The meetings have been interesting. And I can tell you the one thing I've heard over and over is the need for a bipartisan effort. We've got to strive to get 70 votes for health reform in the Senate.

Tonight's meeting marks the beginning of another part of my efforts. I am reaching out to as many stakeholders as possible. Many of you in this room represent the driving force behind health care innovation. And others represent some of the best in health care delivery that our country has to offer.

But our system is not sustainable in its current form. We are at the point where doing nothing is no longer an option. Taking incremental steps in the face of so many challenges no longer make sense.

I'm going to need your help and your support to make the changes needed to make the system better. And so I am tasking you with helping me to create a "can-do" environment for health care reform and with evaluating every proposal based on the following criteria - will it make the system better, not worse.

Our collective focus should be on the health system – not single company or individual player. I know that each of you has a particular focus and I am willing to listen to your issue but, in exchange, I need agreement that you will evaluate every proposal on whether the system as a whole will be better off. If we each evaluate proposals in our silos, we will never achieve change.

There are a multitude of challenges we'll face going forward; many details yet to be worked out. The health system is so complex that any solution will demand time and attention to make sure we get it right.

Here are some of the bigger questions will face.

Should coverage be universal? Should every American have health coverage and not merely access to coverage? And how is "universal" defined?

I believe very strongly that health care is a right and we must to cover everyone. Some might be worried that having a right means an entitlement to care. That may be the case, but I also believe everyone has a responsibility to be part of the system.

That brings me to the second question. Should we mandate that everyone have health coverage? It's hard to see how you get to universal coverage without it. On the other hand, you can't force people to buy an expensive product.

Making coverage affordable means taking a closer look at the individual insurance market. The individual market does not work, and I don't think there is a single person in the room who would disagree with that statement. The Finance hearing next week will consider some solutions to making the market work better. That has to be part of reform too, and it goes hand in hand with consideration of a mandate.

And I'm not naïve. I don't think we'll get there overnight. Making our insurance markets work will take some time.

How do we reduce health care costs and health spending? There are many ideas on the table, and they are inter-related. Health IT, clinical comparative effectiveness, pay-for-

performance and other approaches to delivery system reform. We need to make progress on all fronts. These ideas have great potential to improve patient care as well as limit unnecessary or wasteful care.

Should we consider changes to the tax exclusion for employer-sponsored health benefits? Another big question we face. Our current tax code subsidizes employer sponsored health coverage. Two-thirds of us receive health coverage through our workplace. But there is no limit on how much coverage the government will subsidize. And the tax benefits accrue mostly to the wealthier among us.

I believe in maintaining the employer-based health system, so I'm not in favor of eliminating the exclusion. But I believe we ought to explore options that could limit the regressive nature of the current system; create incentives for more prudent purchasing of health care coverage; and yield savings that we can use to help finance coverage for the uninsured all at the same time.

On the process side of the ledger, we need to consider how to handle SCHIP. The program expires in March. Forty-two states face shortfall early next year, and states need to know how the program will be funded – and at what levels – for their budget planning purposes and for consideration of any expansions in coverage.

There are good reasons to reauthorize SCHIP early in the year. But there are also reasons that the program should be considered as part of comprehensive health reform and not in isolation.

I mentioned that any health reform legislation needs to be bipartisan. But another process question we'll face is whether we consider using reconciliation as a vehicle to pass health reform. Some think we should. Others are doubtful. Those of you who were around in 1993-94 recall that this was an issue back then as well.

Reconciliation provides certain procedural protections, but it also conveys a partisan approach to the debate. For now, we need to pursue a bipartisan path. We need to seek broad support before considering a partisan path.

I'll conclude by reiterating my message that we're all in this together, and we need to work together throughout the debate. My door is open and I want to hear from you but come with a "can-do" spirit and an open-mind.

I am privileged to be in a position to influence the debate on health reform, but it is a road we will all travel together.

Thank you and I look forward to working with all of you in the coming months.

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