



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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Statement of U.S. Senator Max Baucus Nomination Hearing of Mark McClellan, Brian Roseboro, Mark Warshawsky, and Don Korb

"Today we meet to consider four well qualified nominees: Mark McClellan for Director at the Centers for Medicare and Medicaid Services (CMS), Brian Roseboro for Undersecretary for Domestic Finance, Mark Warshawsky for Assistant Secretary for Economic Policy, and Don Korb for Chief Counsel at the IRS.

We meet in tough economic times. Since December 2000, America has lost more than 3 million private sector jobs. People are struggling. Businesses — particularly small businesses — are having trouble retaining benefits for their employees. Good, high-paying jobs are going overseas. We need to get the country moving again.

The president has nominated those before us today to work on some of the nation's most important economic challenges: access to affordable healthcare, the national debt, faith in our tax system, and the economic policy of the country. These are big issues, requiring skill and leadership.

Nomination of Mark McClellan

Mark McClellan, you have a record of public service, and a reputation as a thoughtful policy-maker. And because you have a reputation for caring more about sound policy than ideological rhetoric, you have good relationships with both sides of the aisle. If anyone is up to the job of administering the Centers for Medicare and Medicaid Services and implementing the ground-breaking Medicare bill Congress passed last year, you may be.

Last year, Congress finally passed legislation to provide drug coverage under Medicare. The new law is long and complicated, and includes many new — and untested — ideas. I was proud to help pass the Medicare law. It's not perfect, as I have often said. But neither is it as bad as some claim. Frankly, I have been disappointed by how some — on both sides — have tried to politicize this bill. Rather, we should be working now on how to implement this bill. And we should view it as something we can build on — something we can work together to improve.

And for the next several months, much of that work will fall on your shoulders and those of CMS. By my count, the new law contains 598 uses of the words "the Secretary shall" or "the CMS Administrator shall." You will, of course, be constrained by the terms of the law and

Congressional intent. But many of those “shall” provisions will require judicious interpretation by you within the law, and attentive oversight by Congress.

I, for one, plan to exercise vigilant oversight of Medicare implementation. And so, as we move forward on this process together, my main message is to urge you to maintain transparency, communication and access. If we are to administer this bill properly, and provide benefits to our seniors in the manner they deserve, Congress and CMS must work together — openly and honestly.

You might know that I am concerned that access to the CMS career actuaries has been restricted by this administration. Restricting access is contrary to the legislative history in the 1997 Balanced Budget Act, which sought to get Congress and the administration to work together as legislation is formulated. If Congress had been given open access to the CMS actuaries during last year's debate, we would have had a fuller picture of the cost implications and operational workings of the new Medicare law.

And in Medicaid, I am also concerned about what are called “1115 waivers” — experimental projects or demonstrations that you or the Secretary can approve that go against one or more of the requirements in the Medicaid statute. I believe that it is inappropriate for the administration to use these waivers to undermining the fundamental underpinnings of the Medicaid program, like the individual entitlement and the states’ entitlement to matching payments for services they provided. The administration’s continuing push to use these waivers to cap allotments for state Medicaid programs is wrong as a matter of policy and wrong as a matter of process. Ironically, hard caps on Medicaid spending will reduce the flexibility of the program, not increase it.

I oppose this block grant policy for Medicaid. And I also believe that changes to Medicaid should be legislated — not simply done through the 1115 waiver process. Congress designed this waiver authority to allow demonstrations and experimentation — not wholesale change of an entitlement program that provides health security to 40 million low-income and disabled Americans. And if the administration does promulgate these waivers, it should put them forth in the light of day, with all stakeholders — including Congress — involved.

Dr. McClellan, thank you for being here today. You have proven yourself to be an able public servant, and I appreciate your contribution to our nation’s health care programs. As head of the largest health-care buyer in the world, and as steward of programs insuring tens of millions of Americans, you have important tasks ahead of you. I look forward to working with you as you take on those tasks, and I urge my colleagues to support your nomination.

Nomination of Brian Roseboro

Brian Roseboro, you have served at the Treasury Department since 2001 as Assistant Secretary for Financial Markets. In that capacity, you have been responsible for managing the debt of the U.S. Treasury, which unfortunately has been growing by leaps and bounds. This is a critical job and you have done it well. We know that we are going to have to increase the ceiling on debt yet again this year. I want to find out from you today how soon this year we need to act. The president has nominated you to the higher position of Under Secretary for all of Domestic Finance. I feel that you are qualified to take on these additional responsibilities.

Nomination of Mark Warshawsky

Mark Warshawsky, you have served at the Treasury Department since 2002 as Deputy Assistant Secretary for Microeconomic Analysis at Treasury and as Acting Assistant Secretary for Economic Policy. And now the president has nominated you to be the Assistant Secretary for that Treasury office. I believe that you are also well qualified to assume this position.

This is a critical time for determining the economic policy of this country. We have lost nearly 3 million private sector jobs since December 2000. And things aren't getting much better. Last Friday, we learned that the economy created just 21,000 new jobs in February. That is not enough. The private sector created no new jobs last month; all the net new jobs came from the government. And manufacturing jobs declined for the 43rd straight month. We have to do better. And Mr. Warshawsky, you can have an important role in helping that process.

Nomination of Donald Korb

Finally, Donald Korb you are a well-regarded pick to be the country's next IRS Chief Counsel. In the past few years, we have witnessed more than enough corporate and accounting scandals. Consumer and investor confidence has been shaken. At the same time, the integrity of our voluntary tax system is under attack by those engaged in the promotion of abusive tax transactions. We are also witnessing growth in outright tax fraud. Every day, there are press reports describing ways in which unscrupulous actors are cheating the tax collector — and their fellow taxpayers.

Just as the Congress is taking steps to restore accountability and transparency in the markets, we must take similar steps to ensure the integrity of our tax system. Actions speak louder than words. I know the administration has made some progress in the area of issuing regulations to address tax shelters — but they have not been enough. It has been almost two years since Enron, and the Congress has yet to enact major tax shelter legislation in response. We need Baucus-Grassley shelter bill in law. The JOBS bill includes these provisions. It is time to get them signed into law. Mr. Korb, I am looking forward to hearing from you today about enforcing our tax laws.

Again — I am glad to welcome this distinguished group of nominees, and looking forward to hearing how we can work together."

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