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Hatch Opening Statement at Finance Committee Health Care Hearing

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing entitled, *Health Care: Issues Impacting Cost and Coverage*:

Before we begin, I would like to pause for a moment and say a few words regarding the traumatic events that have recently impacted so many of our fellow citizens. The damage and destruction we have seen with relation to Hurricanes Harvey and Irma has been devastating. But, I will say that the acts of heroism we've seen the past few weeks have been awe-inspiring. I think I speak for everyone here when I say that our thoughts and prayers go out to all of the individuals, friends, and family who have been affected by these disasters and that we urge all those who are able to provide assistance to do what they can to help the relief efforts currently underway.

With that, I want to thank everyone present for attending today's hearing on healthcare costs and coverage.

Health care is always an important topic as it impacts literally everyone. Health care has also, since the passing of the so-called Affordable Care Act, become a rather contentious topic as well.

The divisiveness that surrounds the healthcare debate is unfortunate in my mind because it has far too often allowed politics and partisanship to cloud our judgement. This is true for those on both sides of the aisle.

We have discussed these issues at length many times before today – this is at least the 37th healthcare hearing we've had in the Finance Committee since final pieces of Obamacare were signed into law. However, recent events have spurred us to reevaluate the current situation.

While I welcome the opportunity to reset parts of the healthcare debate, the problems plaguing our healthcare system remain pretty much the same as they were prior to the passage of Obamacare, and in some regards, I would argue they have become worse.

Costs are continuing to skyrocket.

According to a recent report from CMS, because increasing healthcare costs are still outpacing the growth of our economy, they are projected to consume 20 percent of our total GDP in just eight years.

That's one-fifth of the economy.

No one should say that we don't spend enough on health care in this country.

Currently, healthcare expenditures in the U.S. amount to nearly \$10,000 per person. That is more per capita spending than any other industrialized country, and, according to OECD data, 20 percent higher than the next highest spending country and nearly double the overall average among OECD member countries.

From 2011 to 2016, the average health premium for employer-sponsored family coverage increased by 20 percent in comparison to a wage increase of only 11 percent during that same period.

A recent study from the PwC Health Research Institute found that medical costs are projected to grow between six and seven percent between 2016 and 2018.

Unsurprisingly, this trend in healthcare costs has forced families to divert their spending on other items and necessities – things like food and housing – to pay for growing healthcare costs.

Of course, these general growth trends pale in comparison to those in the Obamacare exchanges, where the average premium has more than doubled in just the last four years.

One of the chief assumptions underlying the Affordable Care Act was that, if the government forced people to purchase health insurance, more young, healthy people would enter the insurance market, which was supposed to offset the increased costs imposed by all of the law's mandates and ensuing regulations.

Instead, the law imposes a legal requirement for people to purchase insurance while also making insurance unaffordable for millions of Americans. This, as I've noted in the past, is the ultimate irony of Obamacare.

Supporters of the law like to tout coverage numbers in order to claim that the system has actually succeeded. But, those numbers warrant a closer look.

True enough, from 2014 to 2016 insurance coverage in the U.S. increased by about 15.7 million people. However, the vast majority of those newly insured people – around 14 million – were added through either Medicaid or CHIP. As we will hear from some of our witnesses today, enrollment in the individual market may be reaching a tipping point where those who previously had insurance are being priced out of the market and actually becoming uninsured since the enactment of Obamacare.

None of this is surprising. Most of this was predicted at the time Obamacare was being debated.

And, now, with virtually every nightmare scenario for the fate of Obamacare coming true, we are hearing calls for bipartisan fixes to shore up the failing system.

Let me be clear: I want to find a bipartisan path forward through this mess. At this point, it's pretty clear that the parties will need to work together if any of this is going to improve.

That said, I am concerned that many of the proposals for a bipartisan solution would amount to little more than a bailout of the current system. This, in my view, would be a mistake.

If we simply throw money into the system to maintain cost-sharing subsidies or make payments to insurers, without fixing any of the underlying problems, we would just be setting up yet another cliff, and likely another partisan showdown, in the future. Even worse, we wouldn't be helping to reduce premiums or increase insurance options for the vast majority of middle class families, whether they get their plans through the exchanges or elsewhere.

Of course, I'm neither naïve nor oblivious. I don't want to simply watch healthcare costs increase and choices diminish even further while purists in Congress demand the unattainable. We will likely have to act at some point, maybe even this year, to protect American families from the failures of the current system. Once again, I want to find a bipartisan path forward to address these problems.

But let me be clear: In my view, an Obamacare bailout that is not accompanied by real reforms would be inadvisable. We can't simply invest more resources into a broken system and hope that it fixes itself over time.

The status quo under Obamacare is not improving. I don't believe we should spend more energy to prop up a system that is already hurting millions of Americans.

While I may sound like a naysayer here this morning, that is far from the truth. I am an optimist, and always have been.

We had a hearing last week on the CHIP program, which demonstrated that we are more than capable of working together to address healthcare needs. Hopefully, we can do the same when we talk about the broader effort to bring down costs and maintain coverage throughout the healthcare system.

For instance, both Senators Cornyn and Wyden each have a bill to repeal the Independent Payment Advisory Board included in Obamacare.

Just last Congress, many of us worked together in bipartisan fashion to delay the HIT for one year and the Cadillac tax for two years. We also imposed a two-year moratorium on the device tax.

I believe we can come together again to provide some relief through elimination of these and other onerous Obamacare taxes that drive up costs for consumers and hamper innovation.

Personally, I also believe members on both sides of the aisle should be open to rolling back, or at least amending the individual and employer mandates, two of the most unpopular components in Obamacare.

These are just some examples of things that members of this committee have been working on to address our runaway healthcare costs and to amend a beleaguered Obamacare. Even our newest members, like Senator Cassidy, are eager to tackle these complex issues.

So let's put our differences aside and work together on meaningful changes. We've done it before and we can do it again.

I look forward to hearing from our witnesses today and from my friends on both sides of the dais. Hopefully today's discussion will provide some clarity on how we can better work together on these matters going forward.

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