



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of Sen. Chuck Grassley  
Chairman, Senate Finance Committee  
Hearing on the Administration's Medicare and Medicaid Priorities  
February 27, 2003

Today I am pleased to welcome Secretary Tommy Thompson who will discuss the Administration's priorities for Medicare and Medicaid. I'm glad the Secretary has agreed to talk to us about the Administration's plans to strengthen and improve Medicare, and to make the Medicaid program more flexible. So far this year, we've gotten mixed messages from the Administration on prescription drugs. First it was a plan, then it was principles. Some ideas found their way into the press before Members of this Committee were even briefed. And the Medicaid proposal, while more detailed, is still very new and needs to be examined. So I'm glad the Secretary is here to clear the air. We need it. Because we don't have any more time to waste.

We need to get to work now on Medicare so that this Committee can produce a bipartisan, consensus prescription drug and Medicare improvement bill this spring. The Administration has put \$400 billion on the table. That by itself is a tremendous improvement over last year. The President and Secretary Thompson deserve credit for their commitment to this important issue. And while I want to hear more from them about how specifically they want to spend that \$400 billion, I'm not going to let it sit there all year while we wait for the White House to sign off on the details.

Plan or no plan, I'm moving ahead. After today's hearing, I will continue to share ideas on prescription drugs and Medicare improvements with Members from both sides of this Committee, from our seniors, and from our providers who serve them. I will listen to any and all ideas from my colleagues who share the goal of bringing Medicare into the 21<sup>st</sup> Century. Over the next four months there will be meetings – many meetings – ; there will be hearings; and my hope is that there will be an honest to goodness markup that will result in a bipartisan, consensus bill that can get 60 votes. Because as we all know, for anything to get done around here, it will need to be bipartisan, and will need 60 votes to pass. Getting there will mean that we have to make hard choices. We'll have to compromise, and none of us will get everything we want.

For my part, I would like to see a prescription drug program that's universal, voluntary and affordable. I would like to see improvements to the program that focus on preventive care and disease management in addition to prescription drug coverage. I would like to see overall, a program that's more rational, more affordable and more like today's insurance coverage: particularly the kind of insurance federal employees across the country in all states – urban and rural – enjoy today.

Finally, and most importantly, I will insist that any new benefits we add to the Medicare program be accompanied by meaningful improvements to the current geographic inequities that hurt low-cost states like Iowa. Iowa doctors and hospitals provide some of the highest quality, most efficient care in the country, but the age-old formulas that determine Medicare reimbursements fail to account for it. So I will include provisions in whatever bill we mark up that corrects these outdated formula flaws and that incentivizes the Medicare program to begin recognizing high quality, cost-efficient care. The Majority Leader has assured me that he will bring the work of this Committee to the Senate floor before July 4<sup>th</sup>. We've got an awful lot of work to do to get there, so let's get started.

Turning now to Medicaid reform. Mr. Secretary, as you know, states are struggling with some of the worst budget shortfalls in recent history. Yet, they have consistently seen their medical costs rising. The National Governor's Association reports that states are facing the worst fiscal scenario since World War II. Medicaid costs are rising and the program has expanded in complicated ways. States are trying in a number of ways to address the needs of the uninsured through the Medicaid program. States have been asking Congress for two types of relief: fiscal relief and flexibility to design a benefits package for certain enrollees. I think it is appropriate for the Congress to consider a means by which we can get some fiscal relief to the states, and I am open to a discussion on this issue.

Additionally, states have sought flexibility in how they design their program through waivers. Mr. Secretary, in the 2004 Budget submitted to Congress, this Administration has outlined principles that address both fiscal and regulatory relief for states. I appreciate your willingness to open up a debate on the issue of Medicaid reform. I appreciate your willingness to work with members of Congress and our nation's Governors. I would urge us all to keep an open mind when we work through a number of your recommendations. I understand that the Administration has left a number of important details unresolved so that you could get input from the states and the Congress. I think this is a sound approach. I look forward to working with you to address these issue in a timely, thoughtful and responsible manner.