



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of Senator Chuck Grassley
Senate Finance Committee Markup
To Achieve the Committee's Reconciliation Instructions to Reduce the Growth of Outlays as
Contained in H. Con. Res. 95
Tuesday, October 25, 2005

I call the committee to order. Today we meet to consider the Senate Finance Committee's title of the Deficit Reduction Omnibus Reconciliation Act of 2005. This mark captures billions of dollars in savings and additional revenues for the states through reformed pharmacy policies and improved drug rebate practices. These savings do not affect any beneficiary or service under Medicaid. In fact, the chairman's mark increases and preserves coverage under Medicare and Medicaid. It would provide improved access to health care for over 500,000 disabled children and it would save states from having to cut back or eliminate coverage for over 697,000 low income beneficiaries currently enrolled in the SCHIP program. The following illustrates the dramatic savings we achieve -- if states used their savings under this mark to provide for both state costs and the federal match, they could cover a total of 610,000 additional children for the next five years under Medicaid. I had hoped to be joined by my friend and partner on the committee, Senator Baucus. I believe that the Finance Committee functions best when Democrats and Republicans work together and craft policy based on compromise and mutual agreement. I began this process with the anticipation that Senator Baucus and I could agree on a proposal that improves and strengthens the Medicaid program. I am disappointed that extenuating circumstance prevented Senator Baucus from continuing our work together on this legislation.

I understand that a number of members are very concerned that the Congress has not acted on legislation vital to help the thousands of families who have had their lives devastated by Hurricane Katrina. I share their strong desire to move Hurricane Katrina relief legislation as soon as possible and I have been working very hard to clear the way for Senate consideration of the Hurricane Katrina relief. I draw my colleague's attention to the Hurricane Katrina Medicaid provisions in the chairman's mark. I want to emphasize that this is a down-payment on the help we should provide to the states of Mississippi, Louisiana and Alabama and the other states affected by this terrible disaster. I intend to continue working so that we can enact legislation that would direct additional relief to these states. I would hope that Congress would act on the Emergency Health Care Relief Act separately from this reconciliation process. If that occurs, then provisions related to Hurricane Katrina that are included in the chairman's mark would no longer need to be included.

Again, I regret that the Senate's inaction on Hurricane Katrina relief is a principal reason why Senator Baucus is unable to support moving forward with a budget reconciliation package at this time. However, I do note that a number of provisions in this legislation are bipartisan proposals that Senator Baucus and I agree on. In particular, he and I worked together to develop the Medicare Value Purchasing Act, which is included in this bill. And we worked together to address the moratorium

on specialty hospitals which is also included. Regardless of the fact that Senator Baucus is not able to support the mark before the committee today, I appreciate his ongoing comity and good will. I sincerely appreciate the fact that even when we disagree, Senator Baucus supports the effort to keep the process going.

The mark before the committee represents nearly a year's worth of work on the part of myself, members of the committee and our staffs. It is a carefully crafted compromise. Because it is a compromise, not every member on the committee got everything he or she may have wanted. Now, I want to point out that the chairman's mark makes a number of improvements over current law. It achieves significant budget savings and makes real progress in getting a handle on the federal deficit which threatens our economic security. It reduces wasteful and unnecessary spending and directs these savings where they are needed the most. Because we are able to achieve gross savings, above the net needed to meet our reconciliation instructions, we were able to direct funding to improve access to health care to vulnerable populations. I think it bears repeating that this mark would ensure the continuity of health coverage for over 697,000 low income children by providing funding to states that face shortfalls in the State Children's Health Insurance Program. Additionally the mark includes several provisions that would expand outreach and enrollment activities, to get eligible children covered through SCHIP or Medicaid.

The mark would expand Medicaid benefits for approximately 500,000 children through the Family Opportunity Act, so that parents of severely disabled children can earn above poverty level wages and still maintain vital services for their children. I would note that the Family Opportunity Act has broad bipartisan support and is cosponsored by 13 members of the Senate Finance Committee. This has been a priority of mine for several years and I am very optimistic that we will see enactment of the FOA by year's end. Additionally, we include funding for the "Money Follows the Person" rebalancing demonstration program which would allow individuals currently in institutions to transition to a home and community based setting.

The chairman's mark also provides new options for private coverage of long term care through long-term care partnerships as well as providing improved access to health care for seniors and individuals with disabilities in Medicare. It helps protect rural beneficiaries of Medicare and preserves access to community hospital care by ending unfair competition from physician-owned limited service hospitals. These important program improvements are possible because of the savings that are achieved through the other important provisions in this package. The chairman's mark includes provisions that would help state Medicaid programs obtain millions in payments owed by third party payers. It makes a number of significant reforms to the pharmacy payment system, close drug rebate loop holes and cracks down on Medicaid fraud and abuse. This is responsible policy that is long over-due. Finally, I would like to thank all the members of the Finance Committee and their staffs for their hard work on these important issues. I am impressed by the degree of expertise and insight of my colleagues on this committee. We may disagree on specific provisions. However, I am convinced, that no matter the differences in our approach, we share a common goal: and that is to improve the lives and well being of our constituents and our nation as a whole. I look forward to a lively debate on these issues that will continue over the coming weeks.