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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding High Health Care Costs: A State Perspective**

I am very pleased to convene this Senate Finance Committee hearing here in Missoula. The Finance Committee has held a series of hearings on health care reform in Washington throughout the year. And I am glad to have this opportunity to bring the discussion to my home state.

Let me begin today with the story of a woman named Terri. Terri is 48 years old and lives here in Montana. She started a new job in January. Before she was eligible for health insurance at her job, the owners of the company decided to drop their coverage.

Soon after, Terri was diagnosed with ovarian cancer. She had emergency surgery. Now she must undergo chemotherapy treatments. But she has no idea how she will pay for them.

In Montana, like many states, insurance companies can choose not to insure people with certain medical risks. Because of that practice, insurance companies would most likely deny Terri private insurance. In theory, Terri could get insurance through Montana's High Risk Pool. But the costs would still be too high for Terri to afford.

As her chemotherapy is set to begin, Terri may still have access to care. But she is worried about being able to get treatment in the future. And she is worried about how to pay for it.

Today we will hear the story of another Montanan, Julie Foster. Julie does not have access to the health care that she needs.

Sadly, Terri's and Julie's stories are all too common here at home and across the country.

America is now spending more than \$2 trillion a year on health care. That averages out to about \$7,000 a person.

In 2006, national health expenditures rose at a rate of nearly seven percent. That's more than two times the rate of growth in the economy. The average annual cost of family coverage in employer-based health plans topped \$12,680 in 2008. That's just under the yearly salary of a full-time worker earning the minimum wage. This means that families are spending higher percentages of their earnings on health care costs without getting much in return.

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Those hit hardest by rising health care costs are individuals and small businesses. High and rising health care costs have affected the ability of businesses to continue to afford coverage. Small businesses, in particular, report that rising premiums are forcing them to drop health coverage.

According to a Kaiser Family Foundation survey, in the past eight years, the percentage of employers offering health insurance declined from 69 percent in 2000 to 60 percent in 2007. This trend is leaving more and more people uninsured. And it is leaving more and more people worried about where and how they can receive care.

In Montana, only 40 percent of businesses with ten or fewer employees offer health insurance to their employees. Of the Montana businesses that do not offer health insurance, 81 percent cited high premiums as the major reason why.

Today, we will hear from Leif Bjelland, the Owner of Le Petit Outre in Missoula. His testimony provides a first-hand account on how rising health care costs are affecting small businesses here at home. Both employers and employees are feeling the strain of these costs.

When businesses begin limiting benefits or cutting them out all together, Montana families and individuals suffer. Today, you will also hear from Dr. Sara Collins with The Commonwealth Fund about the difficulties that adults face finding affordable coverage.

In Montana, between 2000 and 2007, health care premiums for families increased by almost 89 percent. That's a rate that was five and a half times greater than the increase in wages. Such high costs often force individuals to go uninsured for periods of time. And that puts them at risk of unaffordable out-of-pocket expenses if they get sick.

According to the Commonwealth Fund, in 2007, nearly two-thirds of U.S. adults under 65 reported putting off getting needed care because of problems with medical bills or debt. And sadly, health care spending and medical bills play a role in half of household bankruptcy cases.

We can do better. We can increase the number of Americans who have health coverage. We can lower the cost of insurance to help both employers and employees. And we can improve the quality of care to help everyone lead longer, happier, and more productive lives.

We can make American businesses of all sizes more competitive by helping them to provide health coverage to their employees.

As a nation, the US spends almost 50% more per person on health care than any other developed country.

Despite all we spend, the US ranks last out of 19 countries in preventable deaths according to a recent Commonwealth Fund study.

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Reform must lead to improved quality and decreased costs. We must get better health outcomes for the money we spend.

America simply cannot sustain its current rate of growth in health care spending over the long run. We must find ways to bend the cost curve. Otherwise, health spending will consume our entire economy.

Our current system leaves too many people without coverage. Nationwide, 46 million Americans lack insurance completely and another 25 million are under-insured. In Montana, 160,000 people do not have insurance. And 37,000 of them are uninsured kids.

More than half of Montana's uninsured work full-time for small businesses. This is more proof that our system does not work. Small businesses find it difficult to offer coverage and workers are left exposed. Our current system is in need of reform.

Today, we have a panel well-suited to provide both expert and first-hand knowledge on these issues. It was very difficult to choose from among so many willing and interested Montanans for today's panel. I appreciate the level of interest expressed, and I believe we chose well. Our witnesses will help us to understand the effects of high health care costs on employers, employees, health care providers, and families alike.

Their diverse perspectives will help us to focus reform, so that we reach our goal of having affordable, high-quality health care for all Montanans and Americans.

The goal of universal coverage is the first of five principles for health reform. Every Montanan and American has a right to affordable, meaningful coverage. This does not mean a single payer system like Canada's. It means that we need to find a uniquely American solution to getting everyone covered, not a new government program.

The second principle is sharing the burden. Neither the employer-based system nor the individual market can fulfill the demand for affordable, portable, quality coverage on its own.

The third principle is improving quality and controlling costs. Any serious proposal must focus on increasing the quality of care while reducing the rate of growth of health care costs.

The fourth principle is prevention. American health care tends to focus on sickness. Instead, we should devote more effort to prevention and focus on care coordination.

The fifth principle is shared responsibility. Employers, individuals, and government(s) all bare responsibility in our system and all should contribute to reform.

Now that I have laid my principles out for you, I would like to hear your thoughts on health care reform.

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