

United States Senate

For Immediate Release

Monday, March 15, 2010

Grassley, Enzi Call for Complete Analysis from Administration's Chief Actuary Prior to Votes on Health Care Reform Legislation

WASHINGTON – Sen. Chuck Grassley and Sen. Mike Enzi are asking the chief actuary for the Centers for Medicare and Medicaid Services to provide a complete analysis of health care reform legislation before the House and Senate vote on the legislation.

Grassley and Enzi are the ranking members of the Finance and Health, Education, Labor and Pensions committees. They said the analysis they are seeking is critical because the chief actuary looks broadly at the legislation's effect on national health care spending, access to health care and the economy. In contrast, the Congressional Budget Office focuses solely on federal health care spending.

Grassley and Enzi said legislation that affects such a significant segment of the economy and touches the lives and wallets of every American deserves the thorough analysis that the chief actuary would provide. A previous analysis from the chief actuary showed that the Senate health care reform bill would increase health care spending, limit access and reduce quality. Grassley and Enzi said members of Congress should know whether any of those issues were addressed before being asked to vote on health care reform again.

The text of the Grassley-Enzi letter to the chief actuary follows here. A summary of the chief actuary's analysis of the Senate health care bill follows that.

March 15, 2010

Mr. Richard S. Foster
Chief Actuary
Department of Health and Human Services
7500 Security Boulevard, Mail Stop N3-01-21
Baltimore, Maryland 21244-1850

Dear Mr. Foster:

We are writing to request that you provide an analysis of the complete budgetary implications and coverage effects of any health reform legislative package, prior to its being voted on in either the House or Senate. According to recent reports, this legislation will consist of two separate bills that together form the final health care reform

package. We very much appreciated your assessment of the House and Senate health reform bills at earlier stages in this important debate. Your analysis of this new legislative package will greatly assist Members and inform the debate around how these proposals will raise health care costs, affect Medicare beneficiaries' access to care, and increase the deficit.

Given the President's commitment to transparency in the health care reform process, we expect that you will be provided with the draft legislative language with sufficient time to review the legislation prior to any floor consideration or vote. It would be unfortunate if Congressional leaders force the legislative process forward before you are able to provide your analysis, which would force Members to vote on this legislation without having answers to these key questions.

Health care reform is a monumental task that not only has serious implications for the American economy; it will also personally touch the lives of every American. For many Members their votes on health care reform will be the most important votes they cast while serving in Congress. Rarely do we vote on legislation that will touch the lives of every single American in such a personal way. Before Members are asked to cast such an important vote, it is imperative that we have a thorough analysis of the entire package and its implications.

In keeping with your previous analyses of the broader House and Senate bills, we would request that this new analysis examine the effect of the legislative package in its entirety and should include the full cost of this legislative package for individuals, businesses, and government programs. We would also ask that you report what impact this legislation would have on the quality of care, and access to health care services. Finally, we would specifically want to know if this legislation will reduce the future rate of growth in national health expenditures and what impact it will have on future federal budget deficits.

We look forward to reviewing your analysis of this new health reform bill, once the White House and Congressional Leaders begin to make the details public. It is absolutely critical that the American people and their representatives have the best information possible regarding the impact of this legislation before the House or Senate vote on these important measures.

Sincerely,

Charles E. Grassley

Michael B. Enzi

For Immediate Release
Friday, December 11, 2009

CMS Chief Actuary spells out impact of Reid bill
on national health expenditures, Medicare coverage, financing

WASHINGTON --- Senators Chuck Grassley (R-Iowa) and Mike Enzi (R-Wyoming) today said that in response to their request, the Chief Actuary for the Centers for Medicare & Medicaid Services has reported on the overall financial effects, coverage effects, and national health expenditures effect of the Patient Protection and Affordable Care Act of 2009, and the specific impacts on the Medicare Trust Fund exhaustion date, on Part B premiums, and on Part A and Part B coinsurance amounts.

“This analysis provides a lot of valuable information about the realities and repercussions of the Senate health care bill. Most of all, it shows how Senator Reid’s bill doesn’t do anything to reduce the unsustainable growth in health care spending and, in fact, would make health care costs grow even more rapidly,” Grassley said. “There’s no good answer for Congress spending \$2.5 trillion to make things worse.”

“The experts tell us the Reid bill would drive up costs and hurt seniors on Medicare,” Enzi said. “Higher costs and cuts to Medicare are not the reforms the American people want and need. How many more devastating studies do we need before the Democratic leadership will agree we need to scrap these flawed bills and start over?”

The Ranking Members of the Finance and HELP Committees also pointed to these findings of the Chief Actuary’s analysis, which was delivered late Thursday:

- The Reid bill increases National Health Expenditures. The increase would be .7 percent during 2010-2019. Despite promises that reform would reduce health care spending growth, the Reid bill actually bends the health care cost curve upwards. (page 19)
- The new fees for drugs, devices and insurance plans in the Reid bill would increase prices and health insurance premium costs for consumers. This would increase national health expenditures by approximately \$11 billion per year. (page 16)
- The actuary’s analysis shows that claims that the Reid bill extends the solvency of the Medicare HI Trust Fund and reduces beneficiary premiums are conditioned on the continued application of the productivity payment adjustments in the bill, which the actuary found were unlikely to be sustainable on a permanent annual basis. (2 page addendum memo on the Part A Trust Fund, Part B Premiums and Parts A and B Co-insurance Amounts)
- The Reid bill creates a new long-term insurance program (CLASS Act) that the CMS actuaries found faces “a very serious risk” of becoming unsustainable as a result of adverse selection by participants. (page 19) The CMS actuary found that such programs face a significant risk of failure and expects that the program will result in a “net Federal cost in the long term.” (page 13)
- The Reid bill funds \$930 billion in new federal spending by relying on Medicare payment cuts which are unlikely to be sustainable on a permanent basis. (page

18) As a result, providers could “find it difficult to remain profitable and, absent legislative intervention, might end their participation in the Medicare program.” (page 9)

- The Reid bill is especially likely to result in providers being unwilling to treat Medicare and Medicaid patients, meaning that a significant portion of the increased demand for Medicaid services would be difficult to meet. (page 18)
- The CMS actuary noted that the Medicare cuts in the bill could jeopardize Medicare beneficiaries’ access to care. He also found that roughly 20 percent of all Part A providers (hospitals, nursing homes, etc.) would become unprofitable within the next 10 years as a result of these cuts. (page 9)
- The CMS actuary found that further reductions in Medicare growth rates through the actions of the Independent Medicare Advisory Board, which advocates have pointed to as a central lynchpin in reducing health care spending, “may be difficult to achieve in practice.” (page 18)
- The Reid bill would cut payments to Medicare Advantage plans by approximately \$110 billion over 10 years, resulting in “less generous benefit packages” and decreasing enrollment in Medicare Advantage plans by about 33 percent. (page 10)