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**HATCH STATEMENT AT FINANCE HEARING EXAMINING
THE PRESIDENT'S FISCAL YEAR 2014 BUDGET**

HHS Secretary Kathleen Sebelius Testifies

WASHINGTON - U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following remarks during a Senate Finance Committee hearing examining the President's budget proposal for Fiscal Year (FY) 2014 with Health and Human Services Secretary Kathleen Sebelius:

Last week, the President released his proposed budget for fiscal year 2014. Although the budget was 65 days late, it does not appear that the Administration used that extra time to find ways to address the critical problems facing our country.

Perhaps most significantly, the President's budget fails to address the fundamental challenge of health care entitlement spending in any significant way. What this document lacks in courage, it more than makes up for in the same partisan rhetoric and policies.

Keep in mind, CBO Director Doug Elmendorf has stated that our health care entitlements, Medicare and Medicaid, are our "fundamental fiscal challenge."

Apparently, if this budget is any indication, the Administration isn't interested in taking up this challenge.

Under the President's budget, Medicare and Medicaid spending will reach nearly \$11 trillion over the next decade. Annual mandatory health spending will nearly double from \$771 billion in 2013 to \$1.4 trillion in 2023.

Although we're projected to spend nearly \$7 trillion on Medicare over the next ten years, the Hospital Insurance Trust Fund will continue to run significant deficits. According to the 2012 Medicare Trustees Report, the Trust Fund has \$5.3 trillion in unfunded liabilities and is expected to be insolvent by 2024.

Under this budget, the fund will continue on its path to insolvency.

The budget also fails to address many problems facing Medicaid, even though we'll spending more than \$4 trillion on the program over the next 10 years. Under this budget, federal Medicaid spending as a percentage of GDP will increase by 25 percent from 1.6 percent to two percent over the next decade, thanks to the expansion of the program courtesy of Obamacare.

It is unacceptable that a program that is the biggest line item in most state budgets and is crowding out essential spending in both education and public safety is barely addressed.

All told, we'll spend more than \$22 trillion over the next ten years on our major entitlement programs, Medicare, Medicaid, and Social Security. The President's budget would reduce that amount by only \$413 billion, or roughly 1.8 percent.

No one seriously disputes that entitlement spending is the main driver of our debts and deficits. Yet, for the most part, this budget has opted to ignore that reality and kick the proverbial can even further down the road.

These programs need serious structural reforms if they're going to be around for future generations.

Entitlement reform is one of the fundamental challenges of our time. It will require a united effort from members of both parties.

Sadly, this budget fails to show this much needed courage.

I hope that we all will be willing to come to the table on serious, structural reforms to our entitlement programs.

I believe the President wants to do the right thing. What we need now is action.

As you may know, in January, I went to the Senate floor and unveiled five bipartisan entitlement reform proposals – five structural reforms to Medicare and Medicaid that have been supported by both Republicans and Democrats in the recent past.

I have put these ideas forward in hopes of starting a bipartisan conversation on entitlement reform.

I have shared these proposals with the President and I am ready and willing to work with him on solutions to these problems. Secretary Sebelius, I look forward to talking with you about these critical issues Thank you, once again, Mr. Chairman.

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