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**Hearing Statement of Senator Max Baucus
Regarding the President's Fiscal Year 2012 Health Care Budget Proposals**

As prepared for delivery

President Harry Truman once said:

"...The health of all its citizens deserves the help of all the nation."

Today we welcome Secretary Kathleen Sebelius to the Finance Committee to discuss the President's Budget – and the health of our citizens.

Last year, Madam Secretary, you appeared before this Committee to discuss the President's Budget under much different circumstances.

Today our circumstances are much improved because of the new health care law. And we consider what other areas of your department – particularly human services – need to be addressed this year.

Last year, insurance companies were free to deny care or drop coverage.

This year, insurance companies are barred from imposing lifetime limits on benefits. They can no longer arbitrarily end coverage for those who need it most. And they can't turn away a child because of a pre-existing condition.

Last year, seniors with Medicare drug benefits had a gap in coverage that made their prescriptions unaffordable.

This year, seniors in this coverage gap will receive a 50 percent discount on their prescription drugs.

Last year, small businesses struggled to afford health benefits for their employees.

This year, four million small businesses could be eligible for a tax credit to help curb the cost of coverage.

Last year, billions of taxpayer dollars were lost to fraud, and law enforcement officials were stuck with antiquated tools to fight scams.

This year, tough new laws keep criminals out of federal health care programs.

Last year, our health care system was on an unsustainable path. One in six Americans was uninsured. Health care spending accounted for nearly 20 percent of our economy, and costs were rising.

Today, we are moving toward a system that contains costs, a system that modernizes care and a system that provides affordable coverage options to millions more Americans.

This afternoon, we turn our attention to the President's budget proposal for the Department of Health and Human Services.

We are all concerned about our country's deficit and its impact on future generations. We know that the main driver of our long term-deficit is the rapid growth of health care costs. Without a solution to these runaway costs, we will not rein in our deficits.

Why do health care costs continue growing so quickly? Our system pays health care providers based on the quantity of care they deliver, rather than the quality of care patients receive.

This imbalance is particularly problematic because one in four Americans has at least two chronic conditions. These patients are often treated by multiple doctors. Each provides care in his or her own specialty, and coordination among these doctors is all too rare.

What are the consequences of this lack of coordination? Duplicative tests and procedures. Medicines that counteract each other. Frustrated patients.

In the end, care is still too expensive, but patients are not necessarily any healthier.

Health reform changes all of this. Medicare payments to hospitals will now be based, in part, on the health of their patients, rather than on the number of tests performed. Medicare providers who work together and coordinate care will be rewarded by sharing in program savings.

These changes will not only improve the lives of patients. They will improve the government's bottom line.

Health care reform reduces the deficit by modernizing the way we deliver care to patients and rooting out waste.

The independent, non-partisan experts at the Congressional Budget Office have said the Affordable Care Act reduces the deficit by \$230 billion in the first ten years and by more than a trillion dollars in the ten years that follow. Despite this progress, some oppose health reform and want to move backward.

But repealing health reform will strip away critical protections from people in need and will add to the deficit- protections for people like David Hutchins and his son Elijah from Missoula, Montana. Elijah suffers from leukemia and was born with Down Syndrome.

Because of the new health care law, insurance companies are now prohibited from denying Elijah coverage just because he's sick.

Repealing health reform would bring us back to the days when insurance company bureaucrats would be allowed to turn Elijah away.

Repealing health reform would add nearly a quarter of a trillion dollars to our deficit in the next ten years and another trillion dollars in the following decade. Our kids and grandkids would be saddled with that heavy burden.

Beyond health care, Congress must also reauthorize the Temporary Assistance to Needy Families, or TANF, program this year. Our economy is moving in the right direction, but the recession has taught us that TANF must do a better job of responding during economic downturns.

Reauthorization is an opportunity to address TANF's potential to train American workers for professions currently experiencing a shortage of workers. I hear from business owners in Montana that professions like nursing, trucking, and data processing would benefit from the training of a skilled workforce.

We also have more work to do to improve our child welfare system. In particular, the Safe and Stable Families Program needs to be reauthorized this year. I look forward to working with Senator Hatch and the many child welfare champions on this Committee to build on the groundbreaking work we did when we last reauthorized this program.

As we revisit this vital program, let us remember the need to engage fathers more effectively in our strategies to prevent poverty.

Fathers have a role in the lives of their children that goes beyond their economic support. Engaging fathers has the potential to prevent poverty and stop more children from entering the overburdened child welfare system.

The human service programs we will work on this year present significant opportunities.

I look forward to reviewing the lessons we learned, I look forward to paying close attention to these programs, and I look forward to improving these programs with compassion and common sense.

Madam Secretary, thank you for being here today. We look forward to your testimony.

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