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HATCH STATEMENT AT HEARING WITH HHS SECRETARY SEBELIUS EXAMINING THE PRESIDENT'S FY2013 BUDGET PROPOSAL

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Committee on Finance, delivered opening remarks at a committee hearing examining the President's Fiscal Year 2013 budget proposal with Health and Human Services Secretary Kathleen Sebelius.

A full copy of Hatch's remarks, as prepared for delivery, follows:

Mr. Chairman, thank you for scheduling this hearing today. And Secretary Sebelius, thank you for taking the time to come here to speak with us. We have a lot to talk about. Since it has been over 300 days since you have testified before this committee, which oversees much of your budget, I suspect it comes as no surprise that our list of questions is long.

The question that American taxpayers are asking is how the President proposes to balance the budget and how he intends to get our nation's debt and entitlement spending under control.

After all, he promised when he was elected that he would cut the deficit in half by the end of his first term.

Yet with a fourth straight trillion dollar deficit under the nation's belt, the expiration date on that election-year promise is long past.

I think many Americans would be willing to cut the President some slack, if he demonstrated any willingness to lead us out of our debt crisis.

But with this budget, he again demonstrates that he would rather pursue his own political gain over fiscal stability.

The budget completely fails to address the gathering storm of our entitlement crisis. But don't take my word for it. Just look at what everyone from the *Washington Post* to the *Wall Street Journal* are saying about this budget.

According to the *Washington Post* the budget, *begins with a broken promise...omits all kinds of painful decisions.*

The assessment of *Businessweek* is equally grim. The budget *does little to restrain growth in government's huge health benefit programs.*

And the *Wall Street Journal* hits it on the head, concluding that it is *a brilliant bit of misdirection...voters need to suspend disbelief for another nine months.*

At the same time that the President cuts the defense budget and complains about the lack of spending on infrastructure, his budget ignores that entitlement spending is crowding out these priorities.

Medicare, Medicaid and Social Security will increase as a percentage of GDP from 9.7 percent to 11.2 percent over the next 10 years. Federal Medicaid spending as a percentage of GDP will increase from 1.6 percent to 2.1 percent over the next decade — an astonishing 30 percent increase in the federal portion of the program.

Mandatory health spending under the President's budget actually increases by \$72 billion, since the modest \$366 billion in savings over 10 years are wiped away by an undefined \$438 billion proposal to fix the physician payment formula.

I wish I could say that this budget contained smoke and mirrors.

But it doesn't. It is, rather, a transparent abdication of any responsibility to fix the entitlement spending crisis.

Medicare remains on a path toward bankruptcy, and with it, senior impoverishment. Under the President's baseline estimates, Medicare and Medicaid are projected to spend \$11.1 trillion over the next 10 years.

This level of spending is simply not sustainable. According to the 2011 Medicare Trustees Report, the Hospital Insurance Trust Fund has \$8.3 trillion in unfunded liabilities and is expected to be insolvent by 2024.

Real choices – difficult choices – are necessary. But the President refused to make them in his health law, and he refuses to make them now. Astonishingly, the President's comprehensive health law failed to address the Sustainable Growth Rate formula which is used to determine payments for physicians, despite cutting \$529 billion from the Medicare program.

With respect to Medicaid, the budget baseline proposes spending \$4.37 trillion on the program over the next 10 years. This amount includes the health law's new spending on the largest expansion of the Medicaid program since it was created in 1965. Furthermore, the budget fails to respond to repeated requests from governors for any real flexibility to

implement solutions that work for their citizens.

And for the third year in a row, the President's budget proposes increased spending while failing to propose a financially responsible long-term authorization of the Temporary Assistance for Needy Families program which will expire at the end of this month.

In his health law, the President famously promised to bend the cost curve with respect to health expenditures. He failed to do so with that law, and with this budget he has failed again. Over the next 10 years, total mandatory spending for Medicare and Medicaid will exceed \$11 trillion.

The President's budget would only reduce that amount by \$366 billion, a trifling reduction of 3.6 percent over the next decade.

Over the 75 year window, it translates into a rounding error — a reduction of one-half of one percent.

As insignificant as these spending reductions are, it has become clear that the President is not serious about achieving even them. He has suggested that unless Congress adopts his tax schemes for wealth redistribution, any adjustments to entitlement spending is off limits.

The President's reelection advisors in Chicago might think that it is politically advantageous to hold entitlement reform hostage to his class warfare proposals, but it is fiscally irresponsible.

Thank you again Mr. Chairman. And Secretary Sebelius, I look forward to a fruitful dialogue.

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