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Montana Hospital Association Candidate Forum

Max S. Baucus

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Remarks of Senator Max Baucus  
Montana Hospital Association Candidate Forum  
September 20, 1996

Hello, everyone. I want to thank Jim Ahrens, Keith McCarty, John Flink and all of you here today for inviting me to participate in your candidate forum.

The forum is a great idea. It is a great way to hear from your Montana candidates on some of the most significant issues we face today, from guaranteeing health services in small rural communities, to national Medicare policy. So I thank you for holding the forum, and I look forward to sharing my ideas with you.

I have to apologize for participating by videotape instead of in person. But as you are all well aware, the Senate is winding down its legislative business for the year. So I’ll do my best and make it brief.

LUCKY TO BE MONTANANS

Montana’s experience in health care is unique. Eight hundred and sixty thousand of us are spread out over the fourth largest state in America. In mountain valleys, small prairie towns, Indian reservations, cities, on farms and ranches. It gives us a high quality of life. But it also creates unique challenges. And we have to work hard to get national health policy to understand them.

People in rural communities have long trips to the hospital and sometimes have trouble getting prescriptions filled. In Montana, a transportation program like Essential Air Service is also a health issue.

Farmers, ranchers and folks in small business pay more for insurance than people who work for big companies in the cities.

Likewise, a rural hospital normally has a smaller patient base, older patients, and a less dependable revenue stream than a big urban hospital. So people in small towns always live with the fear that they will lose access to health care completely.

As a senior member of the Senate Finance Committee, I have the chance to make a difference. That’s what it’s all about. Every day, you’re doing something that affects the lives of ordinary people. You can do something for good. Or you can help to stop a bad idea.

MEDICARE

Medicare is a good example. This Congress, early on, took up the Gingrich plan -- a very radical proposal that would have cut
Medicare by $270 billion. It meant real change in Montana, and I believe it was change for the worse. The Gingrich plan raised out of pocket expenses for seniors. Big new cost shifts on small business. And drastic cuts in reimbursements to hospitals and providers. And the Montana Hospital Association gave me an excellent analysis of precisely what it meant for our state.

Our larger hospitals would have suffered intensely. St. James Community Hospital here in Butte would have lost $13.4 million over seven years. Billings Deaconness would have lost over $31 million.

Smaller rural hospitals would have been hit even harder. In our rural counties, people are older and private ratepayers are fewer. Sometimes Medicare makes up half of their annual revenue. So the blow from these cuts is heavier. The nearly $500,000 loss that Roundup Memorial would have suffered, for example, was more than a ninth of its total revenue.

This kind of a blow to a rural hospital can really cripple a community. That means lost health services. In economic terms alone, that means losing, in many cases, the biggest employer in entire rural counties. And the loss of jobs and health services forces many families simply to move away. Jim Ahrens wrote me at the time, pointing out that this plan was:

"[A]n unprecedented -- and completely unacceptable -- level of spending reductions in the Medicare and Medicaid budgets over the next seven years... I don't have to tell you the impact such cuts would have on hospitals. Montana's hospitals have already cut their operations to the bone."

THE BETTER ALTERNATIVE

The Gingrich plan represents one choice. Now, what is the better alternative?

We do need to balance the budget, and we do need to ensure solvency for Medicare. We need to do so in a bipartisan and fair way. Medicare must not be simply a trust fund to pay for new tax breaks and loopholes. Seniors need access to quality health services. And hospitals and providers need fair reimbursements.

It is a complicated problem, and the past few years have shown pretty clearly that neither party has a monopoly on wisdom in health policy. I think a bipartisan Medicare Commission, similar to the one that dealt with Social Security's problems in the early 1980s, could help us find the right way to go. But it's clear to me, although you'll hear a different view from Dennis, that the Gingrich plan is the wrong kind of change.
THE RIGHT KIND OF CHANGE

Of course, the job is not simply stopping bad ideas. It’s promoting the right kind of change, that makes life a little better.

One case this year was health insurance reform. I was a proud cosponsor of the Kennedy/Kassebaum Health Insurance Reform Act, which became law last month. This us a first step toward helping more people keep their health insurance. It will now be easier for Montanans who change their jobs or get laid off to keep their coverage. And it goes a ways toward eliminating the pre-existing condition clauses that prevent millions of Americans from receiving health coverage for services they need.

We’ve also recently taken aim at improving health care for women and newborn babies. I’ve cosponsored a bill to require insurance companies to allow new mothers and their infants to remain in the hospital for at least 48 hours after a vaginal birth and 96 hours after a Caesarian section. The Senate has passed it and we’ve got to get agreement from the House, but we’re not far from success.

MEDICAL ASSISTANCE FACILITY

Finally, as I said earlier, Montana has special challenges. One of the most difficult is to help hospitals and providers in our most rural areas. And one idea I am very proud of is the Montana Medical Assistance Facilities (MAF) program.

It cut some regulations we found unnecessary in small rural towns and raised Medicare reimbursements to help keep doctors in small towns. Agency people worried about what it could cost -- but we’ve found that, in fact, the MAF saves money by ensuring basic and preventive care. It has been so successful that health experts and administrators from all over the country have come to Montana to learn about our experience.

Ten MAFs are now operating in Montana. I was very proud to open up the newest one in Big Timber in July. And we have more rural hospitals interested in converting to MAF status.

Our MAF program now operates under a waiver from HCFA, which lasts until next July. We’ve been working for some time to get a formal legal extension, but the Congress’s troubles with the budget have made it very difficult. Last month, though, when Dr. Bruce Vladek came to Montana, we got his word that the Montana MAF program will be extended past its July 1997 date.

That’s very good news. But ultimately we do need legal authority. And next year that will be one of my top priorities.
Whomever is elected President and whichever party has the majority in Congress, we'll get the job done.

CONCLUSION

In closing, I again want to thank all of you for your help on health care issues throughout the past years. Your advice and insight has always been valuable to me, and always will be.

Again, I appreciate the chance to participate in today’s candidate forum. It’s been a pleasure for me to share my views with you, and think you have a great opportunity in hearing from Becky and Dennis as well. They have shown a lot of courage and public spirit by putting themselves forward as candidates, and while we may disagree on a few things, I’m happy they’re here.

Best of luck for a great convention, and I look forward to seeing you soon and in person.