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## Academy Health Conference

Max S. Baucus

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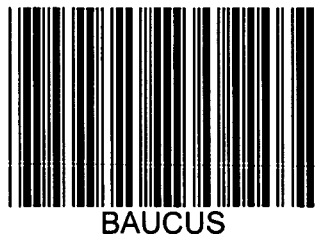
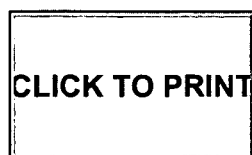
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AcademyHealth Conference  
Remarks of Senator Max Baucus  
JW Marriott Hotel, 1331 Pennsylvania Avenue, NW  
9:00 AM, Tuesday, February 3, 2009

**Thank you, Susan, for that kind introduction. Health services research makes such an important contribution to our work in the Congress. For that reason, I am pleased to be here again this year to take part in the National Health Policy Conference.**

**The 19th Century British philosopher Herbert Spencer wrote:**

**“The preservation of health is a duty.”**

**I believe that this Congress has a duty to reform health care.**

**Two years ago, when I spoke at this very meeting, it seemed that the opportunity to take up national health care reform was on the horizon. The confluence of three trends in health care – growing numbers of uninsured; uneven quality of care; and ever-rising health care costs – had reached the point in our national dialog that action seemed certain.**

**Today, I am here to tell you that our day has arrived. The voices calling for health reform have only intensified. And the American people elected a new President and a newly empowered Congressional majority. We have a duty to deliver the change for which the people voted.**

**Getting health care reform legislation enacted this year is my top priority. In preparation for this effort, the Finance Committee held 10 hearings on issues critical to the debate. We had a day-long health summit this past June.**

**And most recently, in November I released my own vision for health reform. This “Call to Action” outlines a comprehensive approach to reform. It was intended to spur dialog and show a path forward.**

**The stars may have truly aligned in favor of health reform and how it *can* happen. Of course, in politics we try to avoid using the word “inevitable.” But I’ve been in this business long enough to know when writing is on the wall. And when it comes to health reform, real action is long overdue.**

**So this morning, I’d like to spend some time talking about the potential obstacles we may face as we move forward – and the reasons why those barriers can be overcome.**

**The most obvious reason for reform is that people are hurting and the problems with our health system are only getting worse.**

**I spent the month of October holding listening sessions on health care across my home state of Montana. The stories I heard are heartbreaking. People who need health care but go without because they can't afford it. Families who thought they had coverage but still face a mountain of debt due to health care bills. Small businesses that want to continue providing health coverage for their workers but can no longer afford it.**

**In the last 8 years, average wages have increased only 20 percent. But the average cost of employer-sponsored health coverage has doubled. Premiums have tripled. Health spending has grown from 12 percent to 17 percent of the economy.**

**The cost of health care not only affects workers and their families. It's also getting harder for American companies to compete in the world. And the cost of health care makes it harder for small businesses to survive.**

**The second reason for believing that the time for health reform has come is a growing recognition that true economic recovery cannot happen *without* health reform. There is a price to pay for inaction related to the cost of poor health, shorter lifespan, lost productivity and cost shifting. According to one estimate, the cost of doing nothing about health care could be as high as \$200 billion a year and rising.**

**The same study estimates that, as health care inflation continues to outpace wages, the average cost of health insurance for a family could reach \$24,000 in 2016 – an 84 percent increase from today.**

**What does this mean for the average worker? It means that half of U.S households will spend more than 45 percent of their income to pay for health insurance. Clearly, health reform must be on the table as we seek ways to spur economic growth.**

**The third factor in favor of health reform is a President committed to making our health care system work. President Obama made health reform a central issue in his campaign, and signaled that reform is high on the agenda in his inauguration address.**



**Overhauling the health system will require significant political capital. It will require the leadership and vision of the new President. So far, the signals we've received are positive.**

**Fourth – though much is made of the partisan divide on health care, initial conversations with many of my republican colleagues suggest that there is a greater consensus of ideas on reforming the health system than most imagine. There is recognition that reform must encompass coverage, cost and quality. There is a broad acceptance of the fact that reform will require an upfront investment but that over time, just as important is the need to bend the growth curve of health spending – and improve health care quality.**

**Most believe that we should build on our current system – including both public and private coverage – and not undermine the employer-based system.**

**If these seem like generalities, they are. But the fundamentals are important, and the building blocks needed to achieve comprehensive reform are, in fact, incremental steps. As much as we all want a better system overnight, I've come to understand how complex our system is and how change will not be possible overnight.**

**This leads me to the final reason why reform seems possible. I sense a genuine interest in working together on the part of key republicans in the senate**

**Why might reform not happen this year:**

**As is often the case, the new Administration and the new Congress face competing priorities.**

**These priorities compete for time on the agenda and attention in the press and in public.**

**And in a time of severe economic crisis, when the country is waging a war on two fronts, and the public is demanding ways to promote new sources of energy and break our dependence on foreign oil, the new President's dance card is indeed full.**

**Despite all of these competing demands, however, nothing seems to resonate with families more than the issue of health care.**

**A second barrier is the recognition, based on the experience in 1993-94, that we must move swiftly on health reform – to take advantage of the air of inevitability and the early goodwill of health care stakeholders and interest groups.**

**But, complex problems often require time to understand and time to develop solutions. And as far along as we are on building the case for reform and the fundamentals of a plan, we have a ways to go.**

**And the longer it takes, the more likely it is that the agenda becomes crowded with other priorities.**

**That being said, I feel an unprecedented sense of urgency among Members and the Administration and an understanding of our limited window of opportunity.**

**The third most important barrier is the budget deficit. Already this year, the deficit is estimated to be \$1.2 trillion. The economic recovery legislation currently under consideration could add another \$800 billion.**

**Many will claim that, in the face of our current, ever-growing budget deficit, we cannot afford to spend more on health care. In fact, some have called for an entitlement reform commission as a solution to reigning in our health care spending. I believe that we will never address the federal deficit in this country without reforming our health care system.**

**I do agree, however, that our ability to enact reform is contingent on our ability to bend the growth curve of health spending. If we can't generate savings, then reform is not likely to happen.**

**However, we cannot and should not anticipate savings in every year of the budget window nor should we claim that we will be able to pay for health care reform. Our intention is not to spend any more than we are currently projected to spend over the next ten years but to do so more efficiently while covering all Americans.**

**There are some items, however, that are pending and which must be addressed before we move to health care reform. We must reauthorize the Children's Health Insurance Program before the end of March. I expect that this will be done within days. CHIP reauthorization provides the opportunity to make a down payment on expanded coverage by providing health insurance to four million additional children.**

**In the current economic crisis, our first duty is to pass legislation to spur economic recovery. And that legislation can take the first steps to address health care reform.**

**In this economic crisis, if states do not get additional Federal funding, they will cut Medicaid coverage. They will cut payments to providers, public health programs, and educational institutions. At least 17 states have made cuts that will affect low-income children's or families' eligibility for health insurance or reduce their access to health care services.**

**To help stave off more cuts, the economic recovery proposal that the Finance Committee will consider includes assistance to states through Medicaid.**

**The economic recovery package will also provide additional assistance for people struggling to maintain health care coverage through COBRA. And the economic recovery package will begin investing in health information technology and comparative effectiveness research.**

**Health care is a critical part of our economic recovery. By investing in health I.T. and comparative effectiveness research, we can create good new jobs, infuse dollars into our economy, and make a down-payment on health care reform.**

**Health I.T. and comparative effectiveness research are both essential to increasing the value that we get for our health care dollars. That is why I believe these proposals should be included in the economic recovery package.**



**The sooner we invest in those priorities, the better it will be for the economy and for our health care reform effort.**

**I've highlighted several reasons that we must reform our health care system this year and just a few of the reasons why it will be hard. But, nothing worth doing is ever easy. We need to work together throughout the debate. We're all in this together.**

**My door is open. And I want to hear from you.**

**But come with a "can-do" spirit and an open mind.**

**I am privileged that the people of Montana have put me in a position to influence the debate on health reform. It is a road that we will all travel together.**

**It is our duty to do so. It is our moral obligation. And it may just turn out to be one of the most important things that we ever do. I will look forward to working with all of you in the coming months to see that it is.**

**And so, let us deliver the change for which the people voted. Let us do all that we can to help rebuild the American economy. And together, let us bring on fundamental change in health care in America.**