

**Statement of Senator Gordon H. Smith**  
**Ageing Hearing**  
**“Saving Dollars, Saving Lives: The Importance of Prevention**  
**in Curing Medicare”**  
**June 30, 2005**

Thank you all for coming today. I would like to thank Senator Kohl for arranging today’s hearing on the importance of prevention in helping slow the growth of Medicare spending.

We have two excellent panels of witnesses today and I look forward to a productive discussion.

Over 40 million elderly and disabled Americans rely on Medicare for their health care coverage. In 2004, total Medicare spending exceeded \$300 billion, and is expected to grow significantly in the coming decades as the boomer generation approaches retirement.

With this impending challenge, we must find ways to control the growth of Medicare spending if we are to preserve this critically important part of the health care safety net for our seniors and the disabled.

It is vital that we identify where spending is the greatest under Medicare and develop comprehensive strategies in which to lower expenditures in these areas.

A May 2005 Congressional Budget Office (CBO) report – which this hearing will examine – may have identified one such area. According to the report, a relatively small group of high-cost Medicare beneficiaries account for a large share of the program’s spending.

According to CBO, only 10 million of the 40 million Medicare beneficiaries account for 90 percent of the program’s costs. Further, three- quarters of these 10 million high-cost beneficiaries suffer from multiple chronic diseases, such as diabetes, emphysema, heart disease and stroke, arthritis and osteoporosis.

Such diseases require extensive care and often serve as the catalyst for many other conditions and ailments. Many of these chronic conditions are preventable through a regimen of proper nutrition and exercise. Additionally, the cost of treating these conditions can be significantly reduced by the implementation of chronic disease management programs.

That is why this hearing will also examine some innovative technologies currently being used by institutional health care providers, such as the Veterans Administration, to monitor and manage high-cost patients more efficiently.

Our ability to prevent and affordably treat chronic disease is key to our ability to contain the anticipated growth in Medicare spending.

I would like to thank all of the witnesses for coming today to discuss this important issue and I look forward to hearing your testimony.