

Opening Statement of Senator Herb Kohl
Special Committee on Aging Hearing – June 30, 2005
“Saving Dollars, Saving Lives: The Importance of Prevention in Curing Medicare”

We welcome everyone to this hearing today where we will explore ways to contain growth in Medicare spending by helping seniors live healthier lives. As always, we thank our Chairman, Gordon Smith, for working with us in a bipartisan manner to examine issues affecting seniors.

It's no secret that the Federal government will face fiscal challenges as the Baby Boomers begin to retire and become eligible for Medicare. From the year 2000 to 2030, the number of people on Medicare will nearly double from 40 million to 78 million. In fact, in the next 25 years, Federal spending on Medicare, Medicaid, and Social Security will almost equal what we now spend on the entire federal government. We know these costs are looming, and yet our nation remains woefully unprepared.

Net Federal spending on Medicare was more than \$300 billion dollars in 2004. But what many people don't know is that a small share of Medicare beneficiaries account for a large share of total Medicare spending. Just 10 million of the 40 million Medicare beneficiaries account for 85 to 90 percent of the program's costs every year.

As we will hear today, much of this spending is for patients suffering from multiple chronic diseases. Studies show that Medicare spends two out of every three dollars on people with five or more chronic conditions, such as diabetes, emphysema, heart disease, arthritis, or osteoporosis. These chronic conditions are largely preventable, treatable and their onset can often be delayed through proper nutrition and exercise.

At a time when our nation is growing older, it is clear that the success we have in preventing chronic diseases will directly affect our ability to contain future growth in Medicare spending. We need to get the word out that prevention is not something that only children and younger adults can benefit from; seniors need to understand that it is never too late to benefit from a healthier lifestyle.

It's also important to note that this is not just a challenge for the Federal government. Rising health care costs will continue to be an issue for all American families and businesses, and we need more prevention,

nutrition and exercise by younger generations too. Today, we will hear from Bill Herman from Highsmith, Inc., a company in Fort Atkinson, Wisconsin, on their award-winning prevention programs that keep their employees healthy and their insurance costs low. This makes sense for businesses but also for our country; after all, unless we find a way to prevent and treat chronic diseases early on, Medicare will inherit even more costly problems as more people join the program.

I'm pleased to have the Director of the Congressional Budget Office here today to present CBO's recent report on Medicare high-cost beneficiaries. I also look forward to hearing from our second panel of witnesses who will discuss ways to successfully prevent and affordably treat chronic diseases.

In particular, we need to find ways to educate seniors and boomers that it is never too late to change their lifestyle and improve their health – and improve Medicare's finances at the same time. We need to make sure that seniors know about the preventive benefits that Medicare offers and why they're so important to take advantage of. And we should look for ways to use technology to give seniors and health providers more tools to take control of their health.

I know that many of the Senators on this committee share my concern for the skyrocketing costs of health care, particularly Medicare. I know we will all take away some good recommendations from today's hearing and continue working together to stem this growing problem. Again, we thank everyone for their participation today, and we now turn to Chairman Smith for his opening remarks.

[After Senator Smith speaks, you should ask other Members if they'd like to make opening statements, in the order in which they arrived. We will keep track of their arrival and give you a list. Next, turn to witness introductions.]