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Opening Statement
Representative Pete Stark
Joint Economic Committee Hearing
April 10, 2003

Thank you Chairman Bennett for holding this hearing. I would like to welcome our witnesses and thank them for testifying here today about Medicare's finances.

The title of this hearing, "Medicare's Viability and Financial Situation," is intended by the Republicans to be a leading suggestion that Medicare isn't viable and is in a horrible financial situation. Thankfully, the facts point out a much different picture. This is more about the ideology of Republicans than the reality of Medicare's current standing.

Medicare's solvency is at the second highest point in the program's history. Right now, Medicare is solvent until 2026. In 1997, before we passed the Balanced Budget Act, the program was to become insolvent in 2001 – just four years into the future! Yet, Medicare is still here. I just say this to point out that the Republican attack on Medicare's viability is a scare tactic to enable them to achieve their real goal: dismantling Medicare as entitlement program that provides guaranteed benefits at guaranteed prices.

Medicare is better than private plans at controlling costs. A recent analysis by Urban Institute Economist and former Medicare Trustee Marilyn Moon, who will be a witness at our hearing today, highlights that Medicare has consistently done a better job at controlling health care cost growth than the private sector has. I'll leave it for her to discuss that analysis in greater detail.

The major problem facing Medicare's future is whether we in Congress are willing to make the changes necessary to assure its viability for the future. The most important change we can make in that regard is to add a Medicare drug benefit. Of course adding a drug benefit will require increased spending. The President and Republicans don't seem to question increased spending when it comes to tax cuts for the wealthy. But when it comes to a Medicare drug benefit, the response is always "it is too costly to do a real drug benefit." I don't think that is the case.

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Republicans also argue that a Medicare drug benefit can't be added to the program unless substantial "reform" is attached. My question is what do they mean by reform? Do they mean something like the President's outline of a plan that would force seniors to enroll in private managed care plans in order to receive decent prescription drug coverage, while those in traditional Medicare would receive minimal drug coverage. The Faustian bargain presented to seniors is to receive the drugs they need in exchange for giving up comprehensive health coverage with their choice of doctors. That's not a fair choice at all – and not one any of us in Congress are forced to make. Seniors shouldn't be forced to either.

Government Accounting Office estimates show that foregoing additional tax cuts beyond current law would provide an additional 25-year window for Medicare solvency while we consider how to slow health care costs. At a minimum, this should be done.

Dr. Holtz-Eakin has referred to the Medicare trust funds as merely "bookkeeping devices" used by the Treasury. I would submit to you that a "trust" fund is much more than that. A trust fund is a promise – Medicare is a promise to 40 million elderly and disabled Americans that they will receive quality health care. Medicare will be there for people who need it, so long as politicians here in Washington keep that promise.

I look forward to the testimony of our witnesses.

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