COMMITTEE ON FINANCE
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Max Baucus, Chairman
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Remarks of Senator Max Baucus (D-Mont.)
Before the National Business Group on Health

Thank you very much for that kind introduction. I am pleased to be here to discuss what has become my calling and my purpose this year — comprehensive health care reform.

In his weekly radio address last weekend, President Obama noted: "[W]e cannot bring our deficit down or grow our economy without tackling the skyrocketing cost of health care."

I could not agree more. We have a problem with health care costs.

The problem is so pervasive that we are all in this together. To solve the problem, everyone will have to give and take. Nothing can be off the table. I'm asking everyone to suspend judgment, until we can figure out how we can work this out together.

Everything in health care is related. We cannot address it piecemeal. In the past, too often the government has pushed down on the balloon in one place, only to see the problem pop up somewhere else. We need comprehensive health care reform for America.

And we have to craft an American solution. We are not Europe. We are not Canada. We need a uniquely American solution. It has to be a partnership of public and private players.

And now Congress must do its job. We must move forward. Last week, Senator Grassley and I laid out a schedule to markup health care reform in June. It's an ambitious schedule. But it's necessarily so.

I've served in the Senate for 30 years. This is the hardest legislative challenge of my lifetime. But I relish it. This is fun. This is the kind of work for which I signed on. This is the kind of job that made me ask the people of Montana to hire me in the first place. I'm glad to be doing it.

That's because we all have a moral obligation to leave this world a better place than we found it. We have a moral obligation to leave the system better for our kids and our grandkids.

And as the OMB Director, Peter Orszag, said: "The path to fiscal responsibility must run directly through health care."

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That's because of health care costs. Health care costs are staggering. Every 30 seconds, someone files for bankruptcy after a serious health problem. Every year, about one and a half million families lose their homes to foreclosure due to unaffordable medical costs.

The National Business Group on Health and its members know more than anyone that a delay in tackling health care costs would have disastrous consequences.

The New America Foundation found that by 2016, the average cost of health insurance for a family could reach $24,000. That's an 84 percent increase from today.

Thus for American companies, delay would mean that an even greater share of revenue would go toward health care premiums, rather than toward growing the business. Or worse yet, delay could mean cutting back health benefits or eliminating them altogether.

The President's budget answers the call for reform by making a historic down payment on health care reform. Over the next ten years, the budget invests $634 billion to reform our health care system.

That legislation must address cost, quality, and coverage, because the problems facing our system are interconnected.

Reforming the way that the government pays for health care can help to control health care costs. Cost growth is unchecked, because the system still pays for volume, not quality. So we keep getting more volume and higher costs.

Covering more Americans can help address health care costs. The average family pays as much as $900 a year in additional premiums because providers shift the cost of uncompensated care to patients who have coverage. So as more and more Americans lose coverage, more costs of uncompensated care get shifted to employer-provided health care.

At least in the short run, reform, too, will have costs. In terms of the costs of our legislation, our goal is to offset those cost. So we need to think creatively about proposals that will both improve quality and reduce the growth of health care costs in the ten-year budget window.

Achieving that goal will require everyone to be part of the system. It will require all stakeholders to share in the responsibility for achieving reform. Providers, individuals, employers, and governments must play a role.

That brings me to an issue that is particularly sensitive for the employer community, but one that I think should be part of the discussion.

In my white paper, I called for employers to either provide coverage for their workers or pay into a pool to provide subsidies for those without coverage.

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I hear from employers over and over again that they want to keep providing health care benefits to their employees. They believe that it helps them recruit and retain the best talent. I'm preaching to the choir here today, because I know that almost all of the companies represented here today want to keep providing health care benefits.

That's why I rejected an approach that would do away with the employer-based system. That's why, instead, I argue for building on the current system.

There are, of course, many unanswered questions about how best to accomplish this policy. And the details matter. And I understand there are concerns.

One concern is the minimum benefit. How would that standard relate to what employers are already providing?

Another concern among small employers is the financial burden that the minimum benefit may place on them. I am suggesting that tax credits should be available for small employers. And I am suggesting that the smallest employers be exempt from the requirement.

These concerns are legitimate. But I urge all of us here to suspend judgment until you can see the whole picture. Wait until we can see all parts of the puzzle.

I ask all of the employers with whom I meet to work through those details. Help us to develop a pay-or-play structure that works. Pretty much everyone with whom I talk has agreed to do so. They agree to come back to me with their proposals and bottom lines. I hope that you all will participate in a similarly constructive manner.

My vision for reform is one of shared responsibility. I hope that you will agree. We want to make sure that the system works. And the employer role is a vital part of the system.

Making sure that the system works for everyone — including employers — will be hard. But nothing worth doing is ever easy. We need to work together throughout the debate. Remember, we're all in this together.

It is our shared duty to engage in this debate. It is our shared duty to work toward comprehensive reform.

And so, let us rise to our moral obligation. Let us leave this world a better place than we found it. And let us leave a better health care system for our kids and our grandkids.

It may turn out to be one of the most important things that we ever do. In the coming months, I will look forward to working with all of you to see that it is.

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