

**Floor Statement by Senate Budget Committee Chairman
Kent Conrad (D-ND) on Health Care Reform and Reconciliation Bill
March 23, 2010**

I thank Chairman Baucus for his extraordinary leadership in legislation that became the law of the land today with the signature by the President. That is the bill that came out of the Senate. It came out of the Finance Committee, it came out of the HELP Committee. This bill went to the House, was passed and was signed into law by the President today.

This was the headline from the New York Times yesterday: "Congress Sends White House Landmark Health Overhaul." Landmark health overhaul indeed it is.

The Senate is now turning to a separate reconciliation bill passed by the House. That bill includes modifications to the comprehensive reform measure President Obama signed today. These are changes that have been negotiated with the House. This health care fixer bill represents a limited and appropriate use of the reconciliation process. And the reconciliation bill also includes certain education provisions to make college more affordable, and to support higher education.

I want to begin by highlighting the impact of the comprehensive bill passed by the Senate on Christmas Eve, passed by the House over the weekend, signed into law by the President today. That bill meets key reform benchmarks. It is fully paid for and in fact reduces both the short- and long-term deficits. It expands coverage to 94 percent of Americans. It promotes choice and competition. It contains critical insurance market reforms and bans the denial of coverage based on preexisting conditions. It contains delivery system reforms that will bring us better quality at lower cost.

Here is what this health care reform bill will mean for my State of North Dakota. It ends insurance abuses. Insurers will no longer be able to deny coverage for you or your children because of preexisting conditions or raise premiums when you get sick. It provides tax breaks for small businesses. Small businesses will get tax credits to help buy coverage for their workers.

I had a Republican businessman tell a friend of mine over the weekend that he has had to stop coverage of his employees, although he would like to extend it to them, but believes that this bill now will allow him to once again provide insurance coverage to his employees.

It insures young people. Young North Dakotans will be able to stay on their parents' health insurance until they are 26 years old. It expands coverage. North Dakotans will get more choice and tax credits to make health coverage more affordable. It helps workers. Workers will be able to change jobs without fear of losing health care coverage. It improves Medicare. Seniors will be get preventative services without copayments, and the gap in prescription drug coverage will be eliminated. It lowers costs. Premiums for the same level of coverage will be lower after health care reform than they would have been without it.

Despite claims from some of my Republican colleagues that this health care reform adds

to the deficit, it does not. The Congressional Budget Office, which is the official scorer, has said that the comprehensive bill signed by the President today reduces the deficit by \$118 billion over the first 10 years. As I will show later, when you add in the impact of the reconciliation bill before us now, the total deficit reduction in the first 10-year period is \$143 billion. It is not my estimate, not the Democratic Party's estimate, not the Democratic leadership's estimate; that is the estimate by the nonpartisan Congressional Budget Office that officially scores legislation before this Congress.

This reform continues to reduce the deficit in the second 10 years. Here is what CBO said in its analysis of the reform signed into law by the President today: "CBO expects that the legislation would reduce Federal budget deficits over the decade after 2019 relative to those projected and under current law, with a total effect during that decade that is in a broad range between one-quarter and one-half percent of GDP."

To translate that into dollar terms, that would be a reduction in the deficit in the second 10 years of \$650 billion to \$1.3 trillion. And now we have the happy ability to inform our colleagues that with the reconciliation bill added in, the total deficit reduction will be one-half of 1 percent of GDP in the second 10 years, or \$1.3 trillion.

This health care reform package also expands coverage. Again, I am referring now to the bill signed into law by the President today because that bill alone expands coverage to 94 percent of the American people by building off the existing employer-based system. It creates State-based health exchanges for individuals and small businesses. It provides tax credits to help individuals and small businesses buy insurance. It expands Medicaid eligibility while providing additional assistance to the States to pay for it.

This health care reform also includes dramatic reforms in the health insurance market -- measures that will positively impact millions of Americans. It prohibits insurers from denying coverage for preexisting conditions. It prohibits insurers from rescinding coverage when people get sick. It bans insurers from imposing lifetime caps and unreasonable annual limits on health care benefits. It prevents insurers from charging more based on health status.

This reform package signed by the President today takes a number of important steps to improve the quality of care. It covers preventative services. It provides incentives for healthy lifestyles. It promotes the adoption of best practices and the use of comparative effectiveness research to find out, on a scientific basis, what actually works. Who is against using something that actually works? It includes delivery system reforms that encourage quality over quantity of care -- something health care economists have told us is the single most important part of this package.

These delivery system reforms do not get a lot of attention, but they have the potential to dramatically improve our long-term health outcome. These reforms include accountable care organizations, primary care payment bonuses, readmissions, hospital value-based purchasing, comparative effectiveness research, a CMS innovation center, an independent payment advisory board and payment bundling -- all of them recommended by Democratic and Republican health care economists who told us these are the things that can fundamentally change our system to

lower costs over time and improve quality.

You would not know it from listening to some of the coverage, but this health care reform has widespread support among health care experts and health care organizations in my State of North Dakota. This legislation has been endorsed by the North Dakota Hospital Association; the North Dakota Medical Association, representing our State's doctors; the North Dakota Nurses Association, representing our State's nurses; the North Dakota AARP, representing our State's seniors; the Community Health Care Association, and on and on.

There has been a lot of misinformation spread about this health care reform package, so I want to take a moment to say what is not in this plan. It does not include government-run health care. There is no government takeover. This is private insurance, not government insurance.

It includes no cut in guaranteed benefits for seniors. The Medicare savings overwhelmingly are savings from providers negotiated with providers. Why would they agree to hundreds of billions of dollars in lower payments than they were expecting -- in other words, less of an increase than they were anticipating? Because they know, with 30 million more people insured, that their costs will be reduced and they can afford less of an increase.

It includes no death panels. It includes no coverage for illegal immigrants. It includes no expansion of Federal funding for abortion services.

I would like to briefly address the reconciliation bill that is before us now. Remember, we have already passed comprehensive reform. That was done on Christmas Eve. That was passed by the House this weekend. That was signed into law by the President today. What is before us now is a reconciliation package. It includes limited modifications or fixes to the comprehensive health care bill which passed earlier. It is fully paid for and includes additional deficit reductions over and above the comprehensive bill that became law today. This reconciliation bill follows the requirements of reconciliation by including budget-related provisions only, no proposed changes on strictly policy matters.

Here are key health care fixes in this bill: It improves the affordability of health care. It eliminates the gap in Medicare drug coverage, also known as the doughnut hole. It adjusts the amount of Federal aid going to States for Medicare, and also States are treated the same. Despite the rhetoric on the other side, let's be clear on Medicaid. All States are treated the same. It further reduces overpayments to Medicare Advantage, and it takes additional steps to reduce waste, fraud, and abuse.

Here are key education provisions in the reconciliation bill as well: It expands Pell grants to make college more affordable. It eliminates bank-based student lending, which saves, according to CBO, \$61 billion of taxpayer money that can then be redirected to actually support students. I thought that is what student aid was about, to support students. It supports historically Black colleges and extends funding for higher education.

Some of my colleagues of the party opposite have described reconciliation as an obscure and rarely used procedure. The fact is, it has been used 22 times, 16 times when they were in

control of the Senate. And we are using reconciliation to appropriately reduce the deficit, unlike our friends on the other side, who used the process to pass unpaid-for tax cuts that resulted in much higher deficits.

Here is how Senator Gregg justified the use of reconciliation by the then Republican majority in 2005 in its effort to open the Arctic National Wildlife Refuge to drilling. He stated: "Reconciliation is a rule of the Senate set up under the Budget Act...The fact is, all this rule of the Senate does is allow a majority of the Senate to take a position and pass a piece of legislation [and it does it with a simple majority vote.] Is there something wrong with majority rules? I do not think so. The reason the Budget Act was written in this way was to allow certain unique issues to be passed with a majority vote. That is what is being asked for here."

That is the quote of Senator Gregg, who was then chairman of the Budget Committee. He said: "It allows a simple majority vote." He asked: "What is wrong with that?" It is interesting now to hear the other side say that somehow that is wrong.

As I noted, this reconciliation bill will add further deficit reduction to the health care reform estimate. Here is CBO's estimate of the combined effect of the bill signed into law by the President today and the bill that is before us now. It shows that the deficits will be reduced by a total of \$143 billion over the first 10 years -- \$143 billion. That is according to the Congressional Budget Office.

The two measures taken together will continue to reduce deficits in the second 10 years and beyond. Here is what CBO said in its cost estimate: "...[T]he combined effect of enacting [the Senate bill] and the reconciliation proposal would...be to reduce federal budget deficits over the ensuing decade [beyond 2019] relative to those projected under current law -- with a total effect during that decade in a broad range around one-half percent of GDP."

That translates into dollars of \$1.38 trillion. One-half percent of GDP in the second decade is \$1.3 trillion of deficit reduction -- not million, not billion; trillion -- \$1.3 trillion dollars of deficit reduction, according to the Congressional Budget Office.

Anybody who does not want additional deficit reduction ought to vote no. Those who want to reduce the burgeoning deficit and debt ought to vote aye.

This health care reform bill does not represent the end of the story. It is a beginning. But it is an important beginning, one that reduces the deficit and reduces the debt -- not according to Democrats, not according to Republicans, but according to the nonpartisan Congressional Budget Office, which has the responsibility of giving us objective analysis. That is their job. They do it well.

This bill, combined with the bill signed earlier today by the President, reduces the deficit by \$1.3 trillion. In addition, it has these critically important insurance and delivery system reforms that every health care economist who came before us said would, over time, make a meaningful difference in reducing health care costs for American consumers.

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I would like to end by talking about a matter that has been brought up by some on the other side, the so-called frontier amendment. The frontier amendment was offered openly here on the floor of the Senate by my colleague, Senator Dorgan. Everybody had a chance to review that amendment.

It does not affect one State; it affects five States. Some of the States are represented by just Republican Senators. In fact, two of the States are represented just by Republican Senators. One of the States is represented by one Democrat and one Republican, the other two by two Democrats. This is certainly not a partisan amendment.

Why was it offered by my colleague, Senator Dorgan? It was offered because these five States are at the bottom in Medicare reimbursement and have been for many years. They are the most rural States in the Nation. The way the formula works, those States have been penalized.

Let me just say that in my State, to treat the exact same illness, the hospitals in my State get one-third to one-half as much as the more populous States in the country to treat the exact same illness. When we go to get technology, we don't get a rural discount. In fact, we pay more because we are buying in smaller order quantities. When we go to attract a doctor or nurse, they don't say to us: Because you get one-third or one-half as much in Medicare reimbursement, we will only charge you one-third to one-half as much to come to your State or to stay in your State. That isn't what happens.

I have had the major hospital administrators in my State say: Unless health care reform fixes this, we are going to begin to have to lay off people and to begin to reduce services, and reduce them dramatically, because we can no longer survive getting reimbursement for the majority of our patients because, remember, the majority of the patients in these rural hospitals are Medicare-eligible patients. They are getting one-third to one-half as much as the more populous States, the hospitals in the more populous States, to treat the exact same illnesses.

That is not fair. That is fundamentally an issue for health care reform. That is why this amendment is included, and that is why it deserves to be retained.

I thank the chairman of the Finance Committee for his extraordinary effort. I am in my 24th year here. I have never seen a Member put in the kind of concentrated and focused effort as the chairman of the Finance Committee did on this bill -- hundreds of hours of his personal time over a year and a half to get a good package, a responsible package.

I also thank Chris Dodd, chairman of the HELP Committee, for his exceptional efforts; and certainly our leader, Harry Reid, for bringing the two together in a way that enjoyed the unanimous support of the Members on our side of the aisle. That is a remarkable accomplishment.

I yield the floor.