



BUDGET COMMITTEE



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For Immediate Release

February 15, 2008

Senator Gregg: Congress Must Act to Pull Medicare Back from Brink of Insolvency
President Offers Positive Proposal to Address Funding Crisis

“Congress today received a positive legislative proposal from the President that will begin to address the program’s extremely serious funding crisis. I look forward to offering this legislation to Congress on behalf of the President when we return from the Presidents’ Day recess.

“This proposal absolutely must be considered, and as quickly as possible. It is the direct result of two consecutive alarm bells sounded by the Medicare Trustees that our Medicare financing system is in real trouble. A combination of skyrocketing health care costs and the retirement of the massive Baby Boom generation will force the program to turn to general revenues – taxpayer dollars that fund defense, education, transportation and other government responsibilities –to keep the program from going completely bankrupt.

“I am particularly pleased to see that the President’s proposal includes medical liability reform, one of the most pressing issues facing the health care community. It is estimated that liability costs the U.S. health care system up to \$100 billion per year, costs that are pushing overall health care costs higher and driving doctors, especially OB-GYNs, out of practice. I am glad to see that the proposal also includes making the subsidy paid by the federal government for Part D premiums more closely aligned with beneficiaries’ financial status, so that low-income workers aren’t subsidizing drugs for the wealthiest seniors. Lastly, the proposal includes efforts to make the health care system more transparent, something I have been working on as well.

“We cannot delay action on entitlement reform any longer – there is no denying that this crisis is on our doorstep. To bury our heads in the sand because it is an election year, or because this situation does not conform to political stump speech rhetoric, does a grave disservice to our children and grandchildren. I urge Congress to take a close look at what the President has proposed, and for the Senate to guarantee it a final vote as the House does. We should not need legally-mandated proposals to know it is time to take action on Medicare, and all unsustainable entitlement programs.

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Summary of President's Proposal

The legislation offers three ways to begin to address unsustainable Medicare spending growth and to make our health care system more accessible to patients.

Title I – Health information technology and transparency

These provisions allow HHS to begin introducing proposals to improve health care outcomes and give consumers more information to evaluate the cost and quality of the health care they purchase. In time, these principles will reduce the growth in spending by increasing provider efficiency and helping beneficiaries to be more informed consumers. These proposals include:

- Incentives to encourage providers to utilize electronic medical records;
- Incentives to provide pricing information that allows consumers to compare costs; and
- Incentives to providers to provide better care and ways for consumers to compare the quality of care they receive.

Title II – Medical liability reform

This title provides for the national adoption of proven standards to increase patient access to medical care and makes the medical liability system more fair, predictable, and timely. This legislation will secure the ability of injured patients to get quick, unlimited compensation for their economic losses while setting reasonable limits on damages for pain and suffering.

Title III - Medicare Part D premium subsidy

This provision reduces the federal subsidy of the Medicare Part B premium for well-to-do seniors earning more than \$82,000 (singles) and \$164,000 (couples).

This proposal was included in the President's FY 2009 Budget and saves \$3.2 billion over five years.

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