



UNITED STATES SENATE  
**BUDGET COMMITTEE**  
RANKING MEMBER CHUCK GRASSLEY

**Prepared Opening Statement by Senator Chuck Grassley of Iowa  
Ranking Member, Senate Budget Committee  
Hearing on Medicare Solvency  
Wednesday, September 27, 2023**

[VIDEO](#)

Thank you, Mr. Chairman, for holding this very important hearing, because we can all recognize Medicare and Social Security are very much a part of the social fabric. They may be government programs, but they also interact with the private sector, retirement and health benefits as well. It's not something that just government does; but private sector, retirement and health care programs plan on interacting with it.

Republicans want to preserve and strengthen this program for future generations.

For decades, Medicare has provided seniors and those with disabilities access to routine and life-saving care at their local hospital, doctor's office and pharmacy.

As then Chairman of the Finance Committee, I'm proud to have led the effort in 2003 to modernize Medicare by establishing a prescription drug benefit.

That effort required bipartisan cooperation from both chambers and presidential leadership.

In the first decade of the Medicare Part D, the federal government spent [36 percent less than CBO projected](#), while still improving access to prescription drugs for millions of seniors.

That law also requires the Medicare Trustees to review Medicare finances annually.

For the past seven years, the Medicare Trustees have issued a [Funding Warning](#), because Medicare's outlays are expected to exceed its dedicated revenue by 45 percent.



**MEDICARE BOARD OF TRUSTEES:**  
**ISSUED A “MEDICARE FUNDING WARNING”**  
*7 YEARS IN A ROW*

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Medicare’s Hospital Insurance Trust Fund is also in poor shape. Both [CBO](#) and the [Medicare Trustees](#) expect it to be insolvent in about ten years.

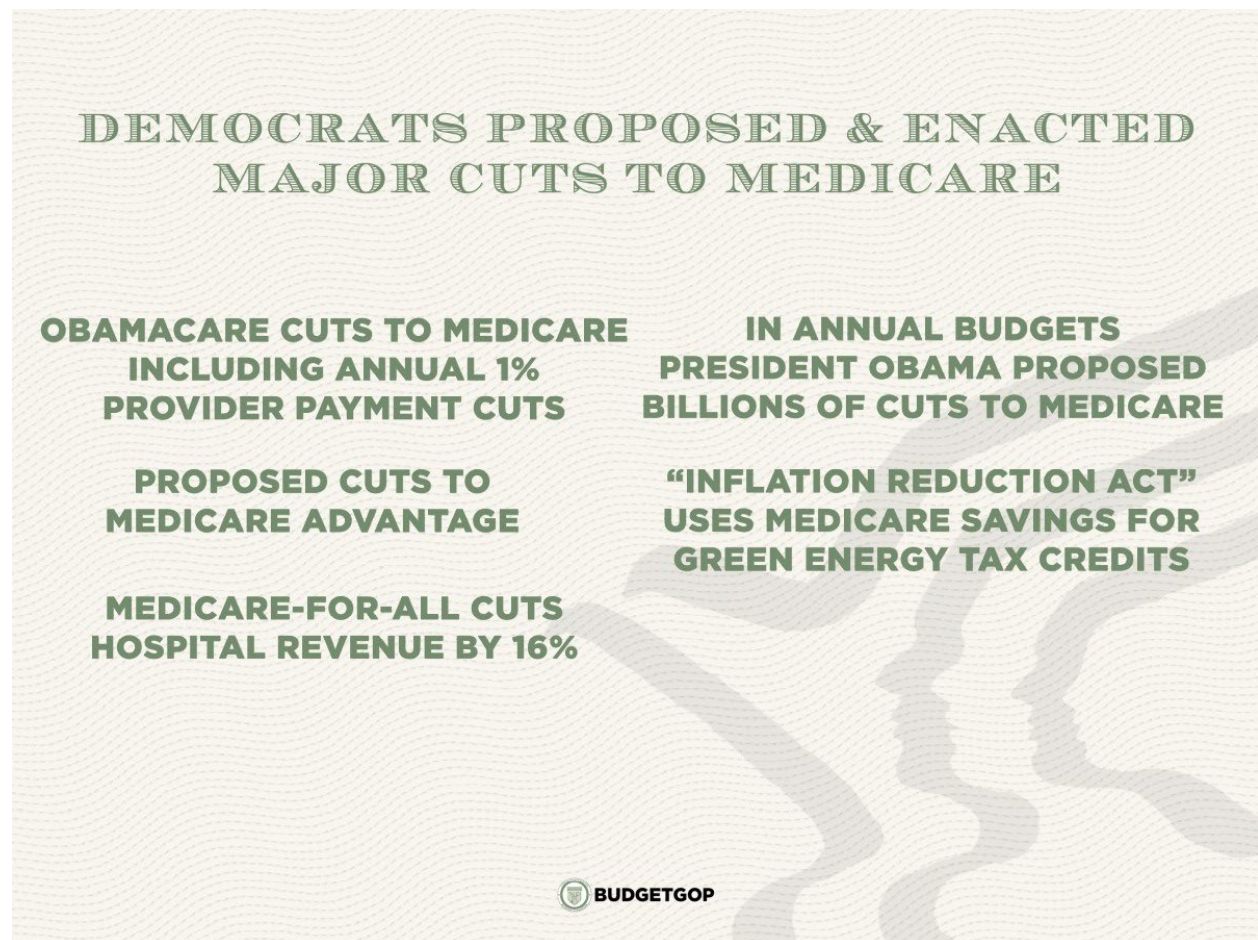
Upon insolvency and absent congressional action, Medicare Part A providers will see an [11 percent cut in reimbursements](#). We should be moving our health care system from volume to value, but we need to accurately account for what’s working and not working.

As I stated at our Social Security hearing, the only way to make these critical programs sustainable is to follow the Ronald Reagan-Tip O’Neill model of 1983. And just as an aside, remembering some of the things you said in your opening statement, that would include more than just tax increasers; that would mean more than people putting proposals on the table as you’re asking us to do. Because I think they sat down at a table with nothing on it because they wanted everything to be negotiable, and it ended up tax increases, it ended up changes in formula, it ended up changes in retirement age.

I suppose they thought they were going to save Social Security for 20 years, but as we see now, they saved it for 50 years. It’s that bipartisanship that [came from] a Democrat speaker and a Republican president that we just can’t let Social Security fail, that led to their success. But everything being on the table, it was the Republicans putting something out, Democrats putting something out, because that gives people opportunity to shoot at things.

So, we've got to work in a bipartisan fashion and keep a range of options on the table.

Unfortunately, any time Republicans mention Medicare being in trouble, Democrats accuse us of trying to blow up the program. Blowing up the program is a pretty rich statement, considering Democrats have proposed and enacted major cuts to Medicare, often using the program as a piggybank to pay for unrelated spending.



Obamacare [cut Medicare](#), including an annual [one percent reduction](#) of provider payments. Democrats have proposed cuts to [Medicare Advantage](#), which ignores the choice and competition these plans offer consumers.

On top of these Medicare cuts, the so-called “Inflation Reduction Act” passed only by Democrats, and President Biden [stole budget savings](#) from Medicare to subsidize green energy tax credits. Most of these Democrat tax benefits will go to wealthier taxpayers.

And let's not forget proposals like Medicare-for-All that would cost [30 to 40 trillion](#) dollars in the first 10 years – more than twice what Medicare costs today.

Under this Democrat plan, hospitals would see a [16 percent reduction](#) in revenue, resulting in closures and reduced access to care.

Then there's President Biden's latest budget, which kicks the can down the road on Medicare. It forgoes real solutions in favor of accounting gimmicks, massive tax hikes and price controls that will reduce access to life-saving drugs and treatments.

The proposal currently touted by the Chairman would push the top marginal tax rate above 50 percent and impose a 37.4 percent top tax rate on capital gains.

We don't talk much about the consequences of those policies, but the CMS actuary concludes the proposal would address Medicare's long-term solvency – but with the caveat that he couldn't “independently assess the reasonability of the revenue estimates for the stated provisions.”

Based on an analysis of the proposal by the Tax Foundation – which I ask unanimous consent to put in the record – the Chairman's proposed capital gains tax hike is a revenue loser. Moreover, the tax hikes as a whole will cost about 700,000 jobs.



These tax hikes won't just hit high-income Americans. While proponents claim only the top two percent [of households] will be affected, the proposal's income-thresholds not being indexed for inflation has a much broader effect than just the top two percent. As a result, the Social Security's Chief Actuary estimates that up to 25 percent of households will be captured by the end of the projection period.

The truth is, taxes on the rich alone won't save Medicare for our children and grandchildren. If Democrats believe otherwise, then request the CBO and the Joint Committee on Taxation analyze the proposal. So I'd think we'd like to have a more widespread investigation of these facts.

You thought I was through with my remarks, but I wanted to just point out something that I gave a couple of weeks ago in a [speech](#) on the floor of the [Senate], and this won't take me maybe just a couple minutes.

It's obvious that our health care system in the United States needs reform and accountability. However, we shouldn't ruin it by turning it into a government run health care system, whether you want to call it Medicare for all, single payer or socialized medicine.

I referred in my speech then to a *Wall Street Journal* article [highlighting](#) the failures of some government run programs. They wrote this about Great Britain: "Now, the state funded service is falling apart. People who suffer heart attacks or strokes wait more than one and a half hours on average for ambulance. Hospitals are so full, they are turning patients away. A record 7.1 million people in England, more than one in 10, are stuck on waiting lists for non-emergency hospital treatment like hip treatment,"

The article went on to say "delays in treating people are causing premature deaths of 300 to 500 people a week, and one in five British people were waiting for medical appointment or treatment at the name health service in December." If you didn't find that alarming, I said on the floor of the [Senate], in May, British Columbia announced that they were sending cancer patients to Bellingham, Washington in the United States for treatment.

A Canadian news outlet wrote that health minister Adrian Dix announced "that eligible breast and prostate cancer patients will be sent to one of the two clinics in Bellingham for radiation treatment." The unprecedented move to send thousands of British Columbia patients to the U.S. over the next two years is an attempt to address the backlog that British Columbia has in one of the longest waits for radiation treatment in Canada. Canada is taking this action because its cancer patients face unacceptable waiting lines.

When I read about Bellingham, it reminded me of this: in the years that I've been fighting doctor-owned hospitals not having special treatment and not being conflicts of interests and all that, I used as one of my examples that that there was a Texas hospital that said if you have an emergency call 911 – that was posted in that hospital. So here we have British Columbia posting in hospitals, if you need emergency action, go to Bellingham. And I think it's a crime that we would be thinking of things like that in America.

