

**Ryan Prepared Statement**  
**HBC Hearing – President’s Health Care Proposal**  
**June 18, 2009**

- *Thank Chairman Spratt, Welcome Dr. Romer.*
- There is no debate in Washington more controversial, more critical, and more consequential for the future of our nation than the current debate over health reform. Our economic future hinges on the results of this debate.
- Dr. Romer, I read your report – “The Economic Case for Health Reform” – with great interest. And I have to say...*I agree on the huge benefits of slowing health care inflation.* If we can achieve this goal, the economic benefits are vast and I’m pleased to see we share this goal.
- However, at this stage in the game – with CBO fully engaged in scoring the proposals – I’m less concerned with figuring out *whether* slowing the growth rate will help. I *know* it will help. What I’m more concerned with is *how* we slow the growth rate.
- The specifics of *how* we do this matter greatly. Just this week, CBO Director Doug Elmendorf stated that: “large reductions in spending will not actually be achieved without fundamental changes in the financing and delivery of health care.”
- So what is the fundamental change that needs to take place? Congress is a legislative body, and it’s not enough for us to assume that health care reform will have a positive effect on our long-term economic outlook.
- We need to prescribe exactly how these changes are going to take place. What changes can we make that will actually bend the cost-curve over time?

- This question must be answered – and answered quickly – since our long-term economic outlook worsens with each year Congress fails to act.
- We recently learned from the Medicare Trustees that the program’s unfunded liability has grown to almost \$38 trillion this year – a single-year increase of nearly \$2 trillion. Failing to reform this one program – for just one year – has cost us *2 trillion dollars*.
- While I applaud the Administration for proposing real, scorable Medicare savings – many of which were included in the Republican budget – I’ve yet to see a single Democratic health care proposal that would direct these savings to deficit reduction. These ‘savings’ are swallowed up by even greater spending increases.
- As OMB Director Orszag has noted – “our political system unfortunately does not appear to be particularly effective at addressing gradual long-term problems such as rising health care costs.”
- Again, I *agree*, which is why we shouldn’t give any proposal the benefit of the doubt that it will magically bend the health care cost growth curve over time.
- Whether we can achieve these savings depends entirely on the specifics of these changes, none of which are in your report. Are they fundamental changes that remove market distortions and reform payment structures? Or are they provider cuts that Congress has reversed in the past and tax increases?
- According to CBO, there’s no guarantee that the health care system’s response to near-term cost reductions would produce greater quality or efficiency. While I believe these cost reductions are important, bending the cost curve requires changes more fundamental than provider cuts.

- As CBO noted, “the government can spur those changes by transforming payment policies in federal health care programs and by significantly limiting the current tax subsidy for health insurance.”
- Last Congress, I introduced an entitlement reform bill – “A Roadmap for America’s Future.” And just a few weeks ago, I introduced a health care reform bill – “The Patients’ Choice Act.” Both of these bills transform the payment structure of federal health programs, and reform the current tax subsidy for health insurance.
- The President has stated repeatedly that “health care reform is entitlement reform.” I *agree* the two are critically tied to each other. However, the fundamental drivers of entitlement costs must be addressed to put any health reform proposal on a sustainable path.
- As I review the Administration’s health care plan and where it is headed in the Congress, I conclude that it is more likely to weaken the quality of health care, increase its cost, and worsen our severe long-term budget problems.
- CBO raised this same caution, stating: “Without meaningful reforms, the substantial costs of many current proposals to expand federal subsidies for health insurance would be more likely to worsen the long-run budget outlook than to improve it.”
- I agree with the benefits of reducing health care inflation and expanding coverage, but I hope you can explain how the Administration’s proposals will actually reduce health care costs and address the Nation’s severe long-term budget problem.