

Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS

WASHINGTON, DC 20515

SUBCOMMITTEE ON HEALTH

OPENING STATEMENT OF REP. PETE STARK
AT THE WAYS AND MEANS COMMITTEE HEARING ON THE
2004 MEDICARE AND SOCIAL SECURITY TRUSTEES' REPORTS
AND EFFECTS OF THE MEDICARE MODERNIZATION ACT ON MEDICARE SPENDING

March 24, 2004

Yesterday's Medicare Trustees' Report indicates that Medicare's solvency has decreased from 2026 to 2019. While this news shows that Medicare's financial outlook is moving in the precisely the wrong direction, let's put it in perspective. There have been only seven times in the history of the program that Medicare has been projected to be solvent for a longer period of time. This is not a crisis, but it is a warning and it is a signal that we've got work to do to preserve and strengthen the program for future generations. In the meantime, we should give credit where credit is due for the drop in solvency. The Bush Administration and their Republican allies in Congress are directly responsible for much of this change.

President Bush's economic policies have been a failure. Millions of lost jobs and slow wage growth generally have directly reduced revenues coming into Medicare. Passage of Republican Medicare prescription drug bill is also at fault. That law lavishes billions of dollars on HMOs and other private plans - \$46 billion according to the Administration's own estimates and those which are used to calculate solvency - most of which comes directly out of the Trust Fund.

While Administration documents and propaganda produced by the Republican Conference actually CONTINUE to claim that their agenda to privatize Medicare - under the guise of "choice" - will improve Medicare's future financial outlook, the Trustees' Report shows that we lost a whole year of solvency just as a result of the HMO payments in the recent legislation. And we've lost an additional year for reasons related to the underlying assumptions around risk selection in the private plans. In other words, the part Republicans are bragging would save Medicare money is actually costing the program tens of billions of dollars and years of solvency. Their collective cognitive dissonance is impressive!

Yesterday's report does show that we have an opportunity to work together to improve Medicare's ability to keep its commitment to future generations. Unfortunately, if the events of last year are any indication, neither the Bush Administration nor Republicans in Congress have any interest in doing so. We have finally seen in this report *some* of the numbers they have been hiding, and we can now understand why people at the highest levels of government may have participated in this cover-up.

Last year, our colleagues aggressively cited the Administration's estimates that showed a significant number of beneficiaries moving into HMOs and PPOs. They used this information to sell the plan to their colleagues - it was even included in recess materials given out through the Republican conference and created in part by the leadership of this Committee. But they never revealed - and appear to have deliberately suppressed - the other half of the equation - namely, that this increased participation results in increased spending relative to traditional Medicare. They have tried to have their cake and eat it, too - citing CMS participation, but much more conservative CBO scoring (which shows almost no change in private plan participation).

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I can't fault rank-and-file Republican members for believing their own leaders in the Conference and on the Committees, but it's a sad state of affairs when the "product" is so bad that its proponents need to stoop to cooking the books or gagging the actuary in order to advance it. We began to ask for information back in June, before the House voted on the Medicare bill for the first time. But in an unprecedented manner - and one which violated the Balanced Budget Act of 1997 - the Administration denied Members of Congress access to that information. Even worse, we were told that if Rick Foster gave us the info he'd be "fired so fast his head would spin."

The allegations against political officials in the Administration with respect to threatening Rick Foster are serious. I am looking forward to the Inspector General's report and was pleased to see Secretary Thompson join our call for an investigation.

I have great difficulty believing that *all* fault lies with Tom Scully. Whether he crafted the threat on his own or used it as a mechanism to enforce a gag order from on-high is a matter for investigators to pursue. One thing is clear - members were deprived of important information that they were entitled to know and which was likely to have influenced the outcome of the vote. Contrary to assertions from current and former Administration officials, the suppression of information was not a one-time occurrence. We have a series of outstanding requests made last year. And we have requested additional information this year. The answers have not been forthcoming, and the process has raised additional questions. What did the Administration do when they first learned of this discrepancy last year? Did they make these numbers public so that Members of Congress decide for themselves which ones to believe before they voted on the legislation? Did they share it with some members, but not others?

Mr. Chairman, this incident has caused institutional damage and I hope we will work bipartisanly to restore the rights and process that I believe we all think is important if we are to have all needed and relevant information when we are writing legislation. Clearly, this Administration is not to be trusted with their use of numbers or facts. They will release numbers if they help their case, but they will bury them if they don't. Those tactics don't serve us well, which means we can't serve the people well. The cover-up shows yet again how this Administration will suppress information at any cost for political gain. It may not be weapons of mass destruction this time, but this pattern is clear and the issues discussed today are among the most important domestic priorities we face in our nation.

Once again, the Republican spin on Medicare yesterday and today doesn't match the numbers. If anything, the Trustees' Report merely confirms what we have been saying about the Bush Medicare plan from the beginning - it is a taxpayer-funded boondoggle for the pharmaceutical and insurance industries. But, I guess we shouldn't be surprised given their track record on manipulating information to advance their own political agenda.