

**Opening Statement of the Honorable Fred Upton
Subcommittee on Health
Hearing on “Setting Fiscal Priorities”
December 9, 2014**

(As Prepared for Delivery)

The federal government faces enormous budgetary challenges, due in large part to mandatory federal spending on health care programs. Despite relative reductions in this year’s annual deficit compared to the immediate aftermath of the Great Recession, the Congressional Budget Office projects annual deficits to climb yet again towards \$1 trillion over the next ten years.

Medicare and Medicaid are critical safety nets for our nation’s seniors and most vulnerable. Today’s status quo of runaway spending, however, poses a great threat to not only these programs, but also to our country as a whole. In order to rescue these programs and protect them for future generations, it is our responsibility in Congress to evaluate and adopt commonsense solutions that strengthen these programs and put them on sounder fiscal footing.

Today’s hearing will help prepare the subcommittee for this important work as we approach a new the 114th Congress. We must be prepared for immediate challenges such as the Medicare physician payment cliff in March and the extension of funding for the Children’s Health Insurance Program by the end of the fiscal year. Today provides members the opportunity to discuss ideas, both big and small, to help move these programs and our federal budget in the right direction. Beyond ensuring that the federal government’s budget is sustainable, today’s hearing is important for several reasons.

First, as mentioned before, millions of our seniors and the most vulnerable rely on a strong Medicare and Medicaid program. According to the non-partisan Actuary of the Medicare program and Congressional Budget Office, both Medicare and Medicaid face very serious long-term financing challenges – challenges which can undermine access to care for beneficiaries who rely on these programs. To ensure beneficiaries receive the benefits they expect, Congress must adopt reforms to better serve these patients and ensure that the programs are financially sustainable over the long-term.

Second, critical areas of our discretionary budget are facing increasing pressure because federal spending on mandatory health programs is so significant. For example, through our 21st Century Cures initiative, we have heard the need to ensure that the National Institutes of Health’s funding is able to help spur the next generation of advances in the discovery, development, and delivery of new treatments and cures. If we want to direct resources to targeted areas within our discretionary budget like the NIH, it is critical that we ensure our entitlement programs do not crowd out parts of the federal budget.

Third, setting fiscal priorities is a matter of basic fairness. For example, the federal government, through the Affordable Care Act, is now paying 100 percent of the cost of covering able-bodied, childless adults through the law’s Medicaid expansion, even though many disabled children sit on waiting lists in other parts of the program. Consider another example: households at 400 percent of the federal poverty level – with annual income nearing \$100,000 – receive subsidies through the health care law’s exchanges. To finance these subsidies, the ACA raised more than \$1 trillion in new taxes. That’s not fair to millions of hard-working, middle class families. If Congress is going to protect the most vulnerable, these programs at the very least must be on the table as Congress looks at ways to prioritize resources.

Our current fiscal path is unsustainable, and doing nothing is not an option. I appreciate the many ideas offered by key experts in their prepared testimony and look forward to continuing to work with my colleagues as we prepare to make real progress in health care in the New Congress.

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