

Opening Statement of Senator Herb Kohl - July 20, 2005
Aging Hearing: Sound Policy, Smart Solutions: Saving Money in Medicaid

Thank you, Mr. Chairman. Medicaid's importance as a safety net program cannot be overstated. Nearly 53 million low-income Americans – including children, pregnant women, individuals with disabilities, and the elderly – rely on Medicaid for their health care needs.

Like you, Mr. Chairman, I'm concerned about the Budget Resolution's requirement to cut Medicaid by \$10 billion over 5 years. One of the reasons I voted against the budget is because it's wrong to cripple Medicaid based on an arbitrary budget target. Any changes to the Medicaid program should be based on sound policy that will improve and preserve the program for the neediest among us.

Certainly, we have a responsibility to ensure Medicaid's dollars are being spent appropriately. One promising area for finding cost savings is the prescription drugs Medicaid buys. Like individuals across the country, Medicaid is struggling to afford the soaring costs of prescription drugs. We look forward to hearing from our experts today who will make recommendations on ways we can keep Medicaid drug costs down.

It is also important that Medicaid not become a program only for those who can hire clever estate planners to maneuver their assets and qualify for Medicaid. We are pleased that the Elder Law Attorneys have joined us to discuss practical ways we can remove loopholes that allow abuse – helping us to save Medicaid money and avoid harming the beneficiaries who truly need the services.

One thing we must remember as we discuss these issues is that not all growth in Medicaid spending is the result of fraud or overpriced drugs. Medicaid spending has also grown for several legitimate reasons. First, enrollment is rising as more Americans lose their health insurance. Second, as America ages, Medicaid's long-term care costs continue to rise. Most importantly, Medicaid costs are being driven by the same skyrocketing health care costs that every health insurance plan in this country faces.

Clearly, we can still do better to ensure that Medicaid dollars are spent wisely. Tighter controls on estate planning and payments for prescription drugs are two reforms we can consider. But we also need to think long-term. We can reduce the number of working families who rely on Medicaid by helping small businesses provide health insurance. I am proud to cosponsor legislation with Senators Durbin and Lincoln – the Small Business Employee Health Plan bill – that would help in this effort. We can also change the way we pay for long-term care by making less expensive home and community care more available.

Above all, we must proceed carefully and preserve Medicaid for the families who need it. And if we are required to find savings now, we must do it in a way that will not harm the beneficiaries who rely on this program. Thank you, Mr. Chairman.