

U.S. Senate Special Committee on Aging

UNITED STATES SENATOR BOB CORKER
RANKING MEMBER



Hearing on Rising Drug Prices and the Medicare Part D Program

Opening Statement of U.S. Senator Bob Corker, R-Tenn., Ranking Member

Wednesday, March 17, 2010

*****Remarks As Prepared for Delivery*****

Thank you, Chairman Kohl and Senator Nelson for calling today's hearing. Prescription drug prices have been a top concern of mine. Now that Medicare covers prescription drugs through the Part D benefit, the government is on the hook for paying high and increasing drug costs along with the high and increasing costs of all health care.

According to the Congressional Budget Office, Medicare spending will grow by 7 percent per year for the next 10 years. The federal spending per beneficiary for Parts A and B will grow close to 50 percent, and per capita benefits for Part D will more than double. As a result, Medicare spending under CBO's projections will rise as a percentage of GDP, from 3.5 percent in 2009 to 4.6 percent by 2020.

But there's a catch, these CBO projections take into account a very steep payment cut to doctors called the Sustainable Growth Rate or SGR or "doc fix." But, Congress never actually allows these cuts. Instead, Congress votes every so often to stop these cuts, which means Medicare spending ends up even higher than CBO projections. CBO cannot calculate the actual percentage of GDP that Medicare will be in the future because Congress only patches the doc fix and has not come up with a long-term solution.

On top of all this, the Medicare trustees have stated that in 2017 Medicare will be insolvent.

The health reform legislation the Senate will debate soon is supposed to help contain Medicare spending and help preserve the trust fund. But, according to CBO, it will not. In reality, the bill takes money from Medicare and leverages it into a new entitlement for younger Americans.

Americans across the country are closely watching the health reform debate and are wary of the bill emerging from Congress. It will be irresponsible for us to pass a bill which further adds to the deficit, especially by taking money from Medicare.

Older Americans rely on Medicare today and baby boomers count on Medicare being there for them tomorrow. We were elected in part to make sure this government health insurance program runs well. Of course, one aspect of running a program well means making sure we are getting the best prices.

Americans do not get the best prices for prescription drugs. This is true for all Americans, not just those enrolled in the Part D program.

Indeed, most countries' citizens get much better deals on prescription drugs. Foreign countries directly set prices for drugs and devices which they see as a part of their internal health systems, not a normal market subject to international trade rules.

These countries typically have some form of socialized medicine, and they require artificially low prices on drugs and devices to balance their budgets. So, Americans subsidize other nations' "free" or "inexpensive" health care. Many of these countries like Canada, Australia, the European countries and Japan have the resources to pay market price, but refuse.

I have met with the U.S. trade representative under both President Obama and President Bush and consulted with numerous trade experts about what we can do to end this unfair practice. I still have not found an answer.

I look forward to hearing the witnesses today explain the rising costs of prescription drugs, why Americans pay so much more than the rest of the world, and any ideas to solve this disparity, not just for Medicare beneficiaries, but for all Americans.

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