

The Honorable Pete Stark

Opening Statement

Ways and Means Health Subcommittee Hearing

September 12, 2012

I thank my colleague Mr. Johnson for joining us as Chairman today at the Health Subcommittee. He is filling in for Chairman Herger who recently underwent hip replacement surgery and is home convalescing. We all wish him a quick recovery.

Today's hearing is a chance to look at the Administration's ongoing efforts to implement the Affordable Care Act (ACA), a law that will finally bring our nation up to speed with every other modern nation in the world by ensuring that all our citizens have access to quality, affordable health care.

Unfortunately, politics have overtaken reason with regard to the Affordable Care Act.

It appears that the goal of my Republican colleagues today is not to actually monitor implementation of the law, but to instead attack the Obama Administration. That's obvious when you look at their hearing announcement, which states that this is a hearing on implementation of health insurance exchanges as authorized by "*the Democrats' health care law.*" Last time I looked, the ACA was a law for all Americans, not just Democrats. Certainly, its benefits are accruing to Americans of all political stripes.

I'm not aware that there is a party affiliation test for the more than six million young adults who have been able to obtain or maintain coverage through their parents' health insurance plans or the countless consumers with private insurance who have received more than \$2 billion in rebates or lower premiums thanks to the ACA's rate review provisions. Nor for the small businesses who have obtained tax credits to make coverage more affordable for their workers. Likewise, 5.3 million of Medicare beneficiaries – Republicans, Independents, Libertarians, Democrats, Green Party members and others – have obtained \$4.1 billion in drug coverage. In 2012 alone, 18 million beneficiaries received at least one free preventive service, thanks to the ACA.

It strikes me that the timing of this hearing is all wrong. States have until November 16, 2012 to declare their intentions with respect to exchanges. Before then, we cannot obtain a clear picture of who is where with respect to state versus federal exchanges.

In terms of needing regulations for market reforms and other provisions, time and again, the written testimony of the majority's witnesses today says – quite carefully – IF we don't have regulations early in 2013, THEN it will be a problem. I agree. Regulations are needed well in advance of the deadline for submitting plans for review and taking other actions to prepare for the initial open enrollment periods in the exchange in October 2013. Again, if we are in this situation next Spring, a hearing would be a good idea. But, near as I can tell, the Administration has gone to great lengths to seek input in the pre-regulatory process from the very sectors and stakeholders before us today so that the actual regulations will be informed by the concerns of these communities. I guess the lesson here is that they are damned if they do, and damned if they don't.

With regard to the development of health insurance exchanges, whether the Administration is doing a good job seems to depend entirely on the perspective of the questioner. Based on the data I've seen, it looks like things are moving forward fairly smoothly. To the extent regulations aren't final yet, it appears to me that is directly related to the lengths to which the Administration has gone to solicit and consider input from a variety of stakeholders – states, insurance companies, employers and others. My Republican colleagues, on the other hand, would have you believe it is utter chaos.

The law was explicitly drafted with the flexibility to permit and even encourage states to develop their own exchanges. But, the statute always acknowledged that not every state will have the ability or desire to pursue that route. Recognizing that, the law established a federally facilitated exchange to ensure that all Americans -- in every state -- have access to the benefits of reform.

In implementing this model, HHS has gone out of its way to be flexible and accommodate state needs. For example, while the law envisioned states establishing their own exchanges or defaulting into a federal exchange, HHS developed a new “partnership” approach that permits a joint federal-state model. This new approach will enable states to share duties with the federal government, either on a temporary basis or in perpetuity. It's my understanding that a number of states are actively working with HHS on this approach.

So where do we stand on exchange implementation? The final regulations were published on March 27, 2012. States have until November 16th, 2012 to declare their intention with regard to whether they will pursue a state-based exchange, a partnership or instead have HHS operate in their respective states. Even with that date more than two months away, 13 states and the District of Columbia, representing one-third of the US population, have submitted letters of intent to pursue state-based exchanges. Since enactment of the law, 49 states applied for and received \$1 million federal planning grants, 29 states have moved ahead to receive exchange establishment level 1 grants, and another six states have both level 1 and level 2 establishment grants.

When I listen to people talk about this topic, it becomes clear that it is impossible for the Administration to meet everyone's concerns. This is a balancing act, and one I'd submit they are doing rather well up on a very high wire.

At the same time that one group complains about the lack of a final rule on a particular provision, they simultaneously laud the Administration for providing advance bulletin information on another provision so that interested parties can provide input before getting locked into the official rule-making process.

Today's hearing isn't timed to provide clarity. It is designed to present a false sense of confusion. Despite efforts by reform opponents to sow the seeds of doubt, I am confident that we are on track to begin coverage-based exchange by January, 2014.

With that, I look forward to hearing the testimony of our panel today.