



# DAN COATS

U.S. SENATOR ■ INDIANA



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**Senate Floor Speech**

## **“If We Don't Reform Medicare, We Lose Medicare.”**

*The following is a transcript of Coats' speech as delivered:*

Mr. President, I wish to thank the Senator from North Dakota for allowing me to go first. I will be relatively brief.

I have spoken on the floor on a number of occasions regarding my frustration about the Senate not spending enough time debating what I think is the key, essential issue and challenge facing us, probably greater than any other challenge facing this body in a long time. My frustration only grew yesterday as we voted down four budget proposals.

You know, it has been 757 days since we have passed a budget in this body, and so far, no budget has been proposed this year out of the Budget Committee for us to examine. The President offered up a budget earlier this year that would have spent more, taxed more and borrowed more. It was voted down last night in what I think probably was a historic vote. I did not go back and check the records, but I am not aware of any budget that has ever been presented by the executive branch to the Congress for approval that has not received at least some votes.

The vote last evening was 97 to 0 against the President's budget. It is almost unthinkable that a President – the executive branch – would send a budget to the floor to be debated and voted upon and not achieve one vote. I think what it tells us is that, obviously, that budget was not designed to gain any kind of bipartisan support. But it didn't even obtain any partisan support.

It was not taken seriously, at a time when we need to have in front of us a serious budget to debate and vote on. As I said, there have been 757 days without a budget before us. You cannot run a company, a family, or run anything, unless you prepare a budget and avoid going into debt. That is where we are today.

Republicans did come forward with three proposals. Unfortunately, all of those were voted down. You can argue that none of those three were sufficient to garner enough support. All three received a significant level of support – particularly two of them. Yet there were not enough votes to pass this body. So while the House has passed a budget, which we voted on yesterday, but unfortunately fell short, these are the only proposals we have had in front of us to debate. These are the only proposals we have had to vote on and set the structure for how we are going to spend the taxpayers' money.

So here we are now approaching the month of June, 5 months into the current calendar year, and 9 months into the fiscal year, and we still don't have a handle on how we are going to spend the taxpayers' money, what restrictions and restraints we will put on that, and how we can live within our means.

This is the debate this Congress should undertake, and it has not been undertaken. Many of us have come to the floor in situations such as this where we have asked for some time to speak, but the issue itself has not been put before us. We know there are negotiations going on relative to how to put a plan into place, but we are a long way from that.

I am here once again to try to urge my colleagues to work together and try to achieve a result – or at least a product on which we can have serious debate to determine the future of how we are going to spend the taxpayers' dollars in a responsible way. The most important factor we have to address is the need, in my opinion, to rein in Washington's excessive spending. The bottom line is that government spending is out of control. The public understands this. I think the response in 2010 to those of us who were running in all the elections sent an unmistakable, long, loud, easily understood signal: We have too much government, we cannot afford the government we have, and we cannot continue to add even more government, which pushes us deeper into debt.

Nearly \$1.4 trillion of our spending is discretionary spending that requires us to borrow money. That borrowed money increases our debt obligation reinforcing the need to rein in our spending. This is something we should debate, something that is part of the responsibility of the Congress and Senate. When we are talking about addressing a national debt of over \$14 trillion, we need to get serious. A little nick here, a little nick there in spending reductions will not solve the problem. We need to look at the larger picture. We are staring down \$14.3 trillion in debt. Credit ratings by Standard & Poor's have downgraded the outlook for the U.S. debt, with a negative warning. Economic growth is sputtering across the country. Unemployment remains high, and States are dipping deeper into the red, zeroing in on billions – which is a lot of money, but it is only a minuscule amount compared to the trillions we are saddled with in debt that we ought to be addressing. It is time for Congress and the administration to stop ignoring the obvious. The rapid growth of mandatory spending is endangering our financial future.

I point to this chart on my left. It simply points out the dramatic growth that has occurred and will continue to occur over the years in the future. It doesn't take a mathematician – although the math is pretty simple – when you spend \$3.7 trillion a year and take in \$2.2 trillion that leaves you with a big deficit. But it doesn't take a mathematician or anybody with any sophistication in economics to understand that if we stay on the current path, we are going to continue to see this line escalate. This red on here is red ink. It is net interest we will owe. What does that mean? It means that to continue borrowing in order to finance what we are doing, we are going to have to pay larger and larger rates of interest to the lenders because of the risks associated with our potential inability to pay back the loans we have taken.

This flow of red ink, this red tide – if we don't address this, it is going to make it difficult for Americans to buy cars, pay their mortgages, purchase homes, and buy groceries. The prices of products will go higher because the interest rates will go higher. We are running ourselves into a desperate situation. I think everyone understands that. I think it has been made clear to the American people.

We don't have to spin this whole message here in order to convince the American people we don't have a problem. We do, and they understand that. That is what 2010 was all about. We cannot continue to go forward in 2011 without providing any basis of a real solution to assure the financial world and the people that we are taking steps in order to address this.

I think there is a consensus – and if anybody doesn't understand this, they haven't looked at the problem – that we could tax Americans to death, we can cut discretionary spending by massive amounts, and we won't begin to address the problem we have, unless we address the massive amount of spending on mandatory programs. We don't have control over mandatory programs in terms of budgeting; they are simply there, and if you are eligible, you get to draw from the program. All of that is fine, if you have money to do it. But we are running out of money to pay those recipients who are continuing to receive benefits from these entitlement programs. Unless we address those, we are not going to solve the problem.

Let's take a couple of these, and let's look at Medicare. Everybody says this is a political nonstarter. If you dare talk about it, you are going to get zinged in the next election, and you will be characterized as taking away benefits from the elderly, when the plans that have been put forward don't do anything of the sort. Nevertheless, it is important to understand the dimensions of the problem we are facing from this one entitlement. Over the next 10 years, Medicare spending – spending on this one entitlement – is expected to double.

A few weeks ago, the Medicare trustees announced that the hospital trust fund would be exhausted by 2024 – 5 years earlier than estimated in last year's report. Who knows what next year's report is going to tell us.

The bottom line is this program is going to go broke. Failing to restructure Medicare jeopardizes the medical benefits of present and future elderly Americans. So rather than terminating Medicare, as has been charged but is not true, rather than destroying Medicare, which has been charged but is not true, what we are trying to do is find a way to restructure it in a way that Medicare will be viable and solvent so benefits will be available for future retirees.

When Medicare was first enacted in 1967, the program cost \$2.5 billion. At that time, Congress predicted that the program would cost \$12 billion by 1990. That wasn't the case. We underestimated it just a bit – by \$86 billion, which is more than just a bit. When it starts at \$2.5 billion, and you project it will be \$12 billion, and you ended up being off on that estimate by \$86 billion, you have to start asking yourself some questions. You have to start thinking that maybe we got this formula wrong, or maybe our assumptions didn't turn out as we thought they were going to on the cost of Medicare.

Today, Medicare is roughly \$494 billion, with approximately \$89.3 trillion in total unfunded liabilities. These are staggering numbers. They are numbers beyond our ability to comprehend. These numbers are beyond our ability to sustain.

There is no possible way on Earth, no matter how fast or how hard we grow, that we can reach solvency in the Medicare Program without any action. Why? Because after World War II, soldiers came home, and people had deferred having families, and the so-called baby boom generation was born. It has moved through our entire history, over the last 60 years or so, like a pig moves through a python. Early on, there was a rush to provide housing for soldiers and their families. There was a massive infusion of money into baby cribs and the need for hospitals and doctors and nurses to deliver children.

A few years later, all of a sudden, we had to build a massive number of new elementary schools. As this baby boom has moved through their lifespan, we have seen dramatic impacts on the economy – many of them positive. But the colleges that had to be expanded and built, and universities and training facilities, and the education that had to be provided, the employment that needed to be provided – all of this has had a dramatic impact on our economy. We have known for decades that eventually the pig moving through the python was going to reach the point of retirement, and when it reached the point of retirement, it was going to have an enormous impact on our finances.

Instead of anticipating this coming and putting into place structural plans that would accommodate the needs, legitimate needs of those for retirement income and benefits, we have instead ignored this reality. We have pushed it down the road. Nobody wanted to touch it. Election after election, it was said we better postpone that debate for the next election because it is too hot to deal with now. Well, it is all coming undone. We are at the point almost of no return.

The proposals that have been put forward – you may not agree with every portion of them, and I don't. But the House brought to us a budget plan. You have to give Paul Ryan a great deal of credit for the extraordinary amount of work and effort he put into it. Maybe you don't like all of it, but it is at least a plan to debate, modify, and adjust; it is something that gives us an opportunity to start down the path of paying off our debt, of maintaining solvency for the Medicare Program.

That is what we ought to be debating instead of saying we are into another cycle of "gotcha," and you have touched the third rail. You made the decision to put Medicare in play and go to the public and tell them we are going to take away their health care benefits when they retire. The opposite is true. We are trying to save that for those who are retiring. We are trying to look at ways to restructure the program so it doesn't break Medicare, or break our entire economy.

Today, the average man is living into his 70s, and an average woman into her 80s, or even 90s. As a result, more elderly Americans are on Medicare than originally anticipated. The Federal Government can no longer continue with business as usual. It is time for some honesty for the American people. Washington is promising to deliver benefits it can't afford. We can no longer nickel and dime doctors and hospitals and force them to pay for the care Washington promised elderly Americans. More and more doctors are forced to turn away Medicare patients. The American Medical Association revealed that 17 percent of the more than 9,000 doctors surveyed are forced to limit the number of Medicare patients they accept.

And among primary care physicians, this rate is 31 percent. Why? Because we don't have the money to reimburse them for the cost it takes to provide that care.

The American Osteopathic Association said 15 percent of its members refused Medicare and 19 percent declined to accept new Medicare patients. Physicians and hospitals in my home State of Indiana are feeling the pain from the Congress's inaction as well. Hospitals such as Deaconess Clinic in Evansville, IN, say one-third of their patients are on Medicare. When hospitals and doctors are not receiving the necessary compensation for services conducted on one-third of their patients, it has a devastating impact on their businesses.

If we don't reform Medicare, we lose Medicare.

Let me repeat that. If we don't take steps to reform Medicare, we lose Medicare. If we don't restructure the program, more patients will lose the care they desperately need.

Mr. President, a very prominent figure – a leader of this country – made this statement:

Almost all of the long-term deficit and debt that we face relates to the exploding costs of Medicare and Medicaid. Almost all of it. That is the single biggest driver of our Federal debt. And if we don't get control over that we can't get control over our Federal budget.

That defines, in a very basic statement, exactly the challenge that is before us. It gives us the warning we need to heed, and it should spur us into action.

Let me repeat that statement once again.

Almost all of the long-term deficit and debt that we face relates to the exploding costs of Medicare and Medicaid. Almost all of it. That is the single biggest driver of our Federal debt. And if we don't get control over that we can't get control of our Federal budget.

That statement was made by President Barack Obama. It was not made by a Republican. It was not made by an editorial piece in the Wall Street Journal. It was not made by a tea party leader or advocate. It was made by our current President. Our President has said we cannot sustain what we are doing, and we have to get address it or it is going to take down our whole budget.

I think that is true – it has been backed up by analysts who have looked at this whole situation, left, right, nonpolitical, political, whatever. Why then are we not going forward with addressing this very question? That is what people sent us here to do in 2010. That is what they are asking us to do now. Yet we are acting as if this statement by the President of the United States has nothing to do with what we need to do, that we can simply ignore this and go forward and just cut a little here and cut a little there but we can't touch the entitlements – we can't touch Medicare.

The papers are full today with headlines saying that the results of the New York special congressional race was because the people have been scared – well, they didn't say "scared," but that it was people saying "don't cut our Medicare." What it should have said is, those people who are saying "don't cut our Medicare" are basically saying "keep mine going until this thing runs out. I am afraid I might live too long, and then I won't have benefits at the end." But for sure our kids won't have it, for sure our grandchildren won't have it because at its current rate, as the President of the United States has acknowledged, it is unsustainable.

So we have two options here. We can continue with the status quo – we can quibble over how much to cut from our discretionary spending, or that portion of the budget which we have control of – and continue ignoring the entitlement programs or we can make a commitment and have the political will to fulfill that commitment by saving those programs through some sound restructuring. This does not mean current recipients of Medicare are going to be knee-capped or have their benefits dropped. This does not mean that even those nearing retirement are going to face that prospect. What it does mean is, if we don't put the structural reforms in now to address the future problems, we are going to lose the whole program. The gravest threat to Medicare is doing nothing. If we do nothing, not only will Medicare collapse but so will our fiscal house.

In the papers today, a former President – another Democrat, Bill Clinton – has urged his fellow Democrats not to “tippy-toe around” Medicare. Continuing that quote, he said the program “is part of a whole health-care system that has a toxic effect on inflation.” He went on to say, “We’ve got to deal with these things.”

Mr. President, I am here not to criticize the Democrats for putting us in this situation. I think we all bear some responsibility. The country does not want us to point fingers at each other, and they do not want us to use this as a political advantage for the 2012 election. They want us to do the right thing, which they all know needs to be done, and I believe they will reward us and recognize us for at least having the courage to step forward and address a real problem that I think everyone now understands and recognizes.

So whether it is the Paul Ryan plan coming out of the House, whether it is a Democratic budget plan coming out of the Budget Committee, whether it is some other plan coming out between the negotiations that are going on – or should go on – between the executive branch and the congressional branch, this is something we have to do. We have simply got to put aside our partisanship and concerns and worry about the 2012 elections and rise above politics. We did that in 1983 when we restructured Social Security. We had a Republican President, a Democratic House leader, and members of the Democratic congressional committee and Senate committee – the political people – all stood together and said: This rises above the election. It is too important not to address it.

We can just take this one issue and say: Let’s take this out of politics. Let’s stand together as Republicans and Democrats, along with the President, and do what is right for the country.

The bottom line is that no matter what we do here, if the President doesn’t support us in this effort, it will not succeed. He has the veto pen, and he has the ability to lead or not lead. So I guess, as I have before, I am calling on the President and saying this important issue can only be successful if he will engage and lead us and be part of this effort to solve a problem that affects every living American and those yet to be born in this country. It dramatically affects our future but sooner than any of us, I believe, think. It affects our economy and our ability to grow.

All of this has to be coupled with pro-growth policies. We can’t cut our way out of all this. We can help restructure, we can help make cuts where necessary, and we can help our economy grow by putting policies in places that will stimulate the economy. That combination, put together in a package, is what we need to support. And I am hoping we will put politics aside for this one issue that is so important to the future of our country.

Mr. President, I have probably said more than I needed to say at this particular point in time. I appreciate the opportunity and again thank the Senator from North Dakota for agreeing to let me go forward here. As chairman of the Budget Committee, I know he is fully cognizant and aware of these issues and is working to try to address them also. I hope we can work together to find a solution to this very urgent problem.

With that, I yield the floor.

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