

**Sen. Susan M. Collins**  
**Penobscot Bay Regional Chamber of Commerce**  
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### **The Path to Health Care Reform**

Thank you, Tom. I appreciate this opportunity to talk with you about issues in Washington that affect our economy, our people, and our future.

Successfully addressing these issues, however, will require us to overcome one considerable obstacle: the excessive partisanship and lack of civil discourse both in Washington and in the country as a whole.

From the *Affordable Care Act* seven years ago to the “repeal and replace” efforts this year, nowhere has hyperpartisanship been a greater impediment to progress than in reforming our health care system. There are many problems with the ACA, such as sky-rocketing premiums, unaffordable deductibles, limited choices, and unstable insurance markets.

The law actually discourages businesses of a certain size from creating jobs or giving their workers more hours. And, the subsidies are designed so poorly as to cause “wage lock” – where working harder to get ahead can instead make some Americans fall further behind. If they earn one dollar more than 400 percent of the poverty rate, they lose their entire subsidy. If self-employed electricians or plumbers misestimate their income just slightly, they could end up with a bill for thousands of dollars to repay the subsidy.

Yet some Democrats have refused to enter into negotiations about fixing these obvious flaws because of concerns that ideologically driven groups will criticize them for working with the Republicans.

At the same time, some Republicans refuse to acknowledge the benefits that the law has brought to people who previously never had access to affordable health insurance. Under the ACA, entrepreneurs have been able to pursue their dream of starting their own businesses without fear that they would be uninsured. The law also has brought important protections for people with pre-existing conditions like asthma, arthritis, diabetes, or cancer. Its prohibition on annual or lifetime caps on insurance benefits have prevented a medical catastrophe from becoming financial devastation for hard-working families.

One of the reasons that there is partisan divide about the ACA is that the bill was passed without a single Republican vote. How well I remember that Christmas eve in 2009 when the ACA was rammed through the Senate on a straight party-line vote. As a result, the flaws in the law were never addressed.

By contrast, when Medicare passed more than 50 years ago, it had support – and opposition – from both Republicans and Democrats. Had the ACA benefited from bipartisan

input and support the way the Medicare legislation did, the ACA would have been better drafted and the subject of less contention.

One of the reasons I opposed the *Affordable Care Act* was because there was nothing “affordable” about it. Neither the ACA nor the Republican “repeal and replace” plans tackled the underlying issue of escalating health care costs.

Whether it is promoting more efficiency in our health care delivery system or figuring out how to introduce more competition to restrain the spiraling cost of prescription drugs, the cost of health care has been largely ignored by both parties in Washington.

I have been clear from the start, however, that we cannot simply wipe out the ACA with a stroke of a pen without having a workable, better alternative in place.

Getting health care reform right requires starting it right, with a commitment to public hearings, open negotiations, thoughtful and fact-based discussion, and a willingness to find common ground.

Surely, there should be an attempt find common ground on an issue that affects each and every one of us and comprises one-sixth of our economy.

Unfortunately, Republican leaders repeated the same mistake this year as the Democrats made in passing the ACA without a single Republican vote. The Senate health care bills were drafted behind closed doors, bypassing the standard legislative process that, while at times messy, helps to ensure a better final product.

None of the first three bills had a single Senate hearing to examine the consequences of major changes in the Medicaid program, a safety net program that has been law for more than 50 years. The fourth bill had a single, cursory hearing at a time when the sponsors were still changing the bill in an attempt to get enough votes.

In deciding to oppose these bills, I was guided by the central tenet of the Hippocratic Oath – “First, do no harm.” The current system is not working for many Americans, but in trying to solve the problem, it’s important that we not make matters worse.

At the beginning of this year, I joined one of my colleagues in introducing a potential solution that Congress could debate and refine so that we could move forward in our effort to fix the flaws in the ACA and to increase access to affordable health insurance. Our bill sought to reduce costs, provide more choices, and restore more authority to the states, while preserving consumer protections such as those for people with pre-existing conditions and individuals with mental illnesses or substance abuse problems.

Unfortunately, rather than pursuing this approach, the Senate instead took up various partisan versions of repeal legislation that would have increased the number of people who are uninsured by between 16 to 32 million. In addition, out-of-pocket costs for many individuals and families would have risen, and older workers in particular would have faced soaring costs.

For example, under the so-called “skinny” repeal plan that was considered in the Senate this summer, premiums for a 60-year-old couple here in Knox County earning \$65,000 purchasing insurance through the ACA marketplace would have soared next year to \$37,291 – more than 57 percent of their income – for the lowest cost “silver plan” offered. Their deductible would have been \$6,700. In this scenario, the couple would have had to pay \$43,991 in premiums and for their deductible – more than two-thirds of their income, before their insurance fully kicked in. For that couple, health insurance would be virtually useless.

After these bills were defeated in a dramatic late-night session when Senator John McCain joined Senator Lisa Murkowski and me in opposition, it seemed as though there was finally a willingness among both parties to sit down and begin to have a serious discussion about ways to fix some of the flaws in the ACA. The Senate Health Committee, on which I serve, convened a series of four excellent hearings to receive input from experts, including actuaries, insurance regulators, insurers, governors, patient advocacy groups, and health care providers. These hearings were widely attended by Republican and Democratic members, and we were making significant progress toward crafting a bipartisan plan.

Despite these encouraging steps, a brand-new proposal, sponsored by Senators Graham and Cassidy, was unveiled at the 11<sup>th</sup> hour of the legislative process.

Like the ACA, the Graham-Cassidy bill would have done nothing to address the unsustainable costs of health care. And it was a bad for Maine. Here are just some of the problems:

- Maine would have lost more than \$2 billion over the next ten years in Medicaid funding alone and \$17 billion more by 2037. The National Association of State Medicaid Directors said that the Graham-Cassidy bill would be “the largest intergovernmental transfer of financial risk from the federal government to the states in our country’s history.”
- Premiums would have increased. One of the authors of the bill acknowledged this to me directly. Individuals between the ages of 50 and 64 would have been particularly hard hit.
- People with pre-existing conditions would not have been adequately protected. If you have a pre-existing condition like asthma, cancer, arthritis, diabetes, Alzheimer’s, use a pacemaker, or have had a heart attack or stroke, or suffered from mental illness, you could have paid even higher premiums or been subjected to annual or lifetime caps on your insurance in some states.
- Millions more people would not have had insurance coverage. When the uninsured get sick or hurt, we all pay.
- Maine’s hospitals would have suffered, and some rural hospitals and nursing homes could have been forced to close.

Maine rural hospitals are already eliminating services, such as obstetrics, oncology, pediatrics, and psychiatry. In addition to hurting access to medical services for Mainers, the Senate bills would have led to job losses at hospitals, which are often the largest employers in the communities they serve. In fact, Standard & Poor's analyzed the Graham-Cassidy bill and determined that it would have resulted in 580,000 lost jobs across the country and \$240 billion in lost economic activity over the next decade.

Let me emphasize that each one of these bills would have made sweeping changes to the Medicaid program – an important safety net that for more than 50 years has helped our most vulnerable citizens, including disabled children and low-income seniors, to receive health care. Under the bills the Senate considered earlier this summer, CBO estimated that funding for Medicaid would be slashed by over \$750 billion over the next decade. Under the Graham-Cassidy bill, CBO showed that more than \$1 trillion would be taken out of the Medicaid program between the years 2017 and 2026.

This would have caused real harm to Maine, where the hospitals, with the exception of the largest hospital in Portland, lost \$50 million dollars in the aggregate last year. In Maine, Medicaid also pays for 70 percent of all long-term care services and support; therefore, the proposed Medicaid cuts would have jeopardized some of our nursing homes and home health agencies as well.

Some have contended that a provision included at the last minute in the Graham-Cassidy legislation would have resulted in additional Medicaid money for Maine. The fact is, Maine still would have received less money under whichever version of the bill we considered. The bills used what could be described as a “give with one hand, take with the other” distribution model. Huge Medicaid cuts down the road would have more than offset any short-term influx of money.

But even more important, if Senators can adjust a funding formula over a weekend to help a single state, they could just as easily adjust that formula in the future to hurt that state. This is simply not the way that we should be approaching an important and complex issue that must be handled thoughtfully and fairly.

Some have also stated that Anthem's decision to withdraw from the individual market in Maine was because the Senate failed to pass the health care bill. That is just not accurate. Anthem opposed the Graham-Cassidy bill, and it was far from alone. In fact, more than 300 health care advocacy groups representing physicians, patient advocates, insurers, and hospitals opposed the bill.

Sweeping reforms to our health care system and to Medicaid can't be done well in a compressed time frame, especially when the actual bill is a moving target. Instead, I have advocated for targeted bipartisan bills that focus on solving specific problems. Here is a plan on how to proceed:

We must take action to address the cost of health care, including looking at the spiraling cost of prescription drugs, increasing transparency, and giving people more control to manage

their health care. As Chairman of the Senate Aging Committee, I led an extensive, bipartisan investigation into the extreme spikes in the prices of certain prescription drugs, ranging from medications stored on crash carts in hospitals to help save people experiencing heart failure to EpiPen, which protects millions of people from severe allergic reactions.

Following this investigation, I coauthored a bipartisan bill with Senator Claire McCaskill to promote generic competition to help lower the cost of prescription drugs. Our plan, which will help foster a more competitive marketplace to improve the affordability of prescription drugs, was signed into law this year, but more work remains to be done.

We must act quickly to stabilize the insurance markets. That includes creating high-risk pools such as we had in Maine to provide reinsurance to help control premium costs. Last month, I introduced bipartisan legislation with Senator Bill Nelson from Florida that would provide states with the flexibility and support that they need to create state-based reinsurance programs for their individual health insurance markets in order to lower premiums, while ensuring continued coverage for people with preexisting conditions. That could reduce premiums, on average, by as much as 20 percent.

And we must carefully review and repair the other flaws in Obamacare. One serious flaw that harms employers and employees, in both the private and public sectors, is the ACA's definition of a "full-time employee" as one who works only 30 hours per week. This is causing workers to have their hours reduced and their pay cut. It creates a perverse incentive for businesses to cut their employees' hours so they are no longer considered "full time."

And the harm is not limited to businesses. In Maine, I have heard from school administrators, home health care agencies, municipal officials, non-profit organizations, and many more. The bipartisan *Forty Hours is Full Time Act* I have reintroduced will make the ACA's definition consistent with both the *Fair Labor Standards Act* and common sense.

When we're dealing with an issue that affects millions of Americans, we need to understand the consequences of what we are doing, not vote on bills in the middle of the night that have had no substantive hearings and little analysis.

We must work together, across party lines, to develop health care reforms. We must stop allowing partisanship to be the pre-existing condition that prevents meaningful health care reform.

Now let me address the elephant in the room (pun intended.) As most of you know, I have been deliberating for some time about whether or not to seek the Republican nomination for Governor. Shortly after I was re-elected to the Senate in 2014, many residents of our State began urging me to consider running for Governor. I am touched that many of our residents believe that I could provide our state with thoughtful and effective leadership, particularly in providing greater economic opportunities and more jobs throughout our state. The "hands-on" nature of the Governor's job is very appealing to me.

Many who stopped me on the streets, in stores, at church, and in countless communities have also suggested that I could help heal the divisions in our State. And, on a personal note, I would love being in Maine full time where most of my family and so many of my friends live.

Were I to be successful in a campaign for Governor, it would, of course, mean giving up my seat in the United States Senate. When I was first sworn in, I was 99<sup>th</sup> in seniority. I am now 15<sup>th</sup>.

I hold a senior position on the powerful Senate Appropriations Committee where I have been able to accomplish a great deal for the people of our State. My seniority – along with my persistent advocacy – have allowed me to secure funding for important programs including vital transportation and community development projects, providing seed money for programs at the University of Maine and our community colleges, advocating for Acadia National Park and our wildlife refuges, ensuring funding for Navy ships built at Bath Iron Works and the submarine overhauls at the shipyard in Kittery, pressing for accessible health care for our veterans, and securing research dollars for iconic Maine products like potatoes, blueberries, and lobsters.

I am also proud of the work that I have done to overhaul our homeland security after the 9/11 attacks, to dramatically increase funding for the National Institutes of Health – especially for diabetes and Alzheimer’s research – and to repeal the discriminatory “Don’t Ask/Don’t Tell” law.

I could not have accomplished what I have done without my wonderfully supportive family, most notably my husband Tom, and my hardworking staff, headed by Steve Abbott.

The voters of Maine have rewarded this effort by re-electing me three times, by ever-increasing margins, and for these votes of confidence, I will be forever grateful.

I take the time to mention all these factors to let you know that this decision has not been an easy one. Ultimately, I have been guided by my sense of where I could do the most for the people of Maine – and our nation.

These are difficult times in our country, and the Senate reflects the discord and division that characterize our nation today. One of my Senate colleagues wrote me a lovely note urging me to stay in the Senate, saying:

“The institution would suffer in your absence. While the temptation might be to walk away and leave the problems to others, there are very few who have the ability to bring about positive change. You are such a person.”

As I thought about this Senator’s words, I realized how much remains to be done in a divided and troubled Washington if we are to serve the people of our states. I have demonstrated the ability to work across the aisle, to build coalitions, and to listen to the people of my state and my country. The challenges we face today are enormous – from frustrated families with stagnant wages and expensive health care to a nuclear-armed North Korea and Russian interference in the very fabric of our democracy, our elections.

I am a congenital optimist, and I continue to believe that Congress can – and will – be more productive. I want to continue to play a key role in advancing policies that strengthen our economy, help our hard-working families, improve our health care system, and bring peace and stability to a violent and troubled world.

And I have concluded that the best way that I can contribute to these priorities is to remain a member of the United States Senate.