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Opening Statement
Representative Pete Stark
Joint Economic Committee Hearing
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Thank you, Chairman Bennett. I have to take issue with the premise of today's hearing – "The Burden of Health Services Regulation" – because it implicitly assumes that regulations are simply useless impediments to economic efficiency and lowering health care costs.

In fact, many health care regulations are borne of the abuse of human beings and the degradation of their fundamental rights. Simply put, these regulations protect people's lives. So there can be no rational debate about doing away with health care regulations writ large for the sake of efficiency and thrift.

We've seen with the prisoner abuse scandal in Iraq that when regulations break down – in this case military regulations – the human toll that follows is simply unacceptable.

Countless examples of regulations that curb abuses in health services exist. Hospitals routinely turned away poor women in labor until Congress intervened and enacted the Emergency Medical Treatment and Active Labor Act (EMTALA) which prohibited this practice and guaranteed access to emergency care to all people, regardless of their ability to pay. Ms. Gottlich will give us her account of how nursing home regulations have reduced patient neglect and mistreatment that was widespread before consumer protections were put in place.

Right now, the Centers for Medicare and Medicaid Services claims it is heavily regulating the Medicare prescription drug discount cards, because there are already instances across the country of seniors being defrauded. The Bush Administration has admitted that they have to keep a close eye on the private companies that are providing drug cards, in order to prevent seniors from being fleeced. Notwithstanding these regulations, I still doubt that these cards will be able to provide much value to the elderly – but these concerns stem from loopholes in the underlying statute.

Regulations at the Food and Drug Administration ensure that the drugs we are sold and devices we use are safe and efficacious. Do we want to roll back those protections? I support re-importation from selected countries as a method to lower prescription drug costs and think we can do so in a manner that preserves important safety measures, but in this case many on the other side of the aisle oppose doing so precisely because they claim it might undermine our regulatory structure.

I think our witnesses will be hard pressed to pinpoint a group of regulations that would save a great deal of money without unleashing disastrous consequences. Reining in medical malpractice costs is the popular example of untold savings in health care, but the Congressional Budget Office has found that malpractice insurance and legal fees have only a negligible effect on overall health care costs. In fact, CBO estimated savings of less than one half of one percent if strict liability limits were enacted, and the President's budget shows no savings from such caps.

Ironically, Dr. Conover shares this vision and also advocates regulating the malpractice tort system by limiting damages patients and consumers can collect from providers and companies – so apparently regulation isn't all bad.

I am also troubled that we are having this hearing focusing on some very complex and preliminary calculations of the costs and benefits of health services regulations. There is no detailed documentation supporting the analysis by Dr. Conover. The study is not widely recognized or accepted among a broad range of health economists. But even more disturbing is that in some instances zero benefits have been assigned to important set of regulations where clearly the benefits are not zero.

Let's be clear. Eliminating regulations will do nothing to increase access and affordability to health care, as some of our witnesses have argued. There is no guarantee that money "saved" from less regulation would be put toward covering the uninsured. Indeed, the likely result would be insurance companies, hospitals, doctors, and pharmaceutical companies pocketing the savings.

Rolling back regulations is foolish because it won't lower costs, and it won't increase access or affordability to health care. More importantly, it's just too dangerous to our health.

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