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**Opening Statement**  
**Representative Pete Stark**  
**Joint Economic Committee Hearing**  
**April 28, 2004**

Thank you, Chairman Bennett. Today's hearing appears to be the next installment in the Republicans' push toward replacing traditional health insurance with high-deductible health plans, also known as Health Savings Accounts (HSAs). This time the rationale for HSAs is that doctors can provide cheaper health care to patients if we do away with the insurance companies and their pesky paperwork.

Frustrations dealing with insurers have led some doctors to accept only cash payments from patients. Physicians claim that they can offer lower prices for office visits and other simple medical procedures, because they can reduce the overhead from filing paperwork and obtaining insurance reimbursement.

"Concierge care" – as it has been dubbed – is like a new country club for the rich, since members pay a hefty premium just to join. But in this case the only thing that club membership guarantees is access – the opportunity to call on a doctor – since members are still required to pay for each medical service they receive.

The danger is that if a large number of doctors choose to open up these types of practices, the health care system will become even more inequitable than it is today. The wealthy will pay for exclusive access to quality care, and everyone else will continue to have inferior access to primary care physicians, specialists, and basic medical advice.

Having access to a physician is not the same as having health insurance. A growing body of literature shows that people without health insurance forego even necessary care and do not have their care properly managed, thereby increasing the risk of serious complications and lowering the quality of overall care.

The concept of "empowering" consumers to make more responsible choices about their health care decisions is misleading rhetoric. Health care needs are often unanticipated and patients rely on their doctors' expertise – not their own – to guide medical decision-making. A policy of consumer-directed doctoring says, "patient – heal thy self."

Having spent much of my Congressional career in health care policy, I have never known so-called "consumer-driven" or "consumer-directed" health care to perform well or to have much potential. These high-deductible plans are not consumer-driven, nor do they offer much choice. Instead, they simply shift costs to so-called "consumers" who pay more and

- more -

more out-of-pocket, making it difficult for patients to get the care they need. Furthermore, high-deductible plans would likely undermine coverage that people receive through their jobs, as employers looking to cut their costs look more and more to HSAs.

HSAs are yet another tax shelter for the rich, who have no trouble affording insurance or quality health care. The President has now proposed to spend \$41 billion on HSAs and high deductible plans, which will at best extend health insurance to a tiny fraction of the 44 million who don't have coverage today. The Administration's policies are not directed toward insuring the uninsured. Instead, their policies attempt to insert more "cost consciousness" into the system to reduce consumption, but fail to meet even that objective.

High-deductible plans are unlikely to alter the overall level of spending on health, but would undoubtedly shift more costs to people who can barely afford their current obligations. In all likelihood, these plans could have the perverse effect of increasing overall spending as people delay care until their treatment is even more costly than it would have been if treated early.

If Republicans were really interested in controlling costs, they would have given the Secretary of Health and Human Services authority to negotiate prescription drug discounts in the Medicare program, but that's a topic for another hearing.

High-deductible plans don't reduce costs or increase health coverage, they simply discourage people from using health care services.

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