

For Immediate Release
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Contact:

[Julia Lawless](#), [Antonia Ferrier](#), 202.224.4515

Finance Committee Republicans Submit Recommendations to Deficit Reduction Committee

WASHINGTON – Today, a group of Republican members of the Senate Finance Committee submitted recommendations to the Joint Select Committee on Deficit Reduction (Joint Committee) for consideration. Under the Budget Control Act, congressional committees can submit recommendations to the Joint Committee by October 14, 2011. The Finance Committee has jurisdiction over all tax policy, Medicare, Medicaid, Social Security, pensions, welfare and international trade.

In a letter to Joint Committee Co-Chairs Senator Patty Murray (D-Wash.) and Rep. Jeb Hensarling (R-Texas) which accompanied the recommendations, the Senators wrote, “ As members of the Senate’ s Committee on Finance, we are submitting our recommendations on tax, entitlement programs, and trade policy that make meaningful contributions to deficit reduction.”

The recommendations were submitted by Finance Committee Ranking Member Orrin Hatch (R-Utah), and Senators Chuck Grassley (R-Iowa), Mike Crapo (R-Idaho), Pat Roberts (R-Kansas), Mike Enzi (R-Wyo.), John Cornyn (R-Texas), John Thune (R-S.D.), Tom Coburn (R-Okla.) and Richard Burr (R-N.C.).

The recommendations to the Joint Committee are as follows:

TAXATION: The Senators outline seven guiding principles and six specific proposals that comprehensive tax reform should achieve:

- The principles for reform include economic growth, fairness, simplicity, revenue neutrality, permanence, competitiveness, and savings and investment.
- The specific proposals include an income tax rate for individuals and corporations that is no higher than 25 percent; repeal of the Patient Protection and Affordable Care Act (PPACA) and its tax increases; full repeal of the Alternative Minimum Tax (AMT); the adoption of a territorial tax system as an anchor for corporate tax reform; small business income should only be subject to a single level of tax; and the Joint Committee on Taxation

(JCT) should include macroeconomic feedback effects in its revenue estimates of any tax overhaul.

HEALTH CARE AND WELFARE: The Senators outline the challenges facing Medicare, Medicaid, and Welfare programs and the means of fixing them.

MEDICARE – Designed for seniors, the Medicare program is split into Part A for in-patient hospital care, Part B for out-patient services, Part C for Medicare Advantage plans, and Part D for prescription drug coverage.

Medicare: The Senators recommend:

- Addressing the eligibility age;
- Evaluating the impact of supplemental coverage;
- Establishing a uniform deductible covering Medicare Part A and Medicare Part B services; and
- Strengthening efforts against fraud, waste and abuse.

Medicare Part A: The Senators recommend:

- Reducing geographic variations in health spending;
- Realigning provider payments; and
- Evaluating existing cost-sharing structures for post-acute services.

Medicare Part B: The Senators recommend the evaluation of the Medicare Part B cost-sharing threshold to ensure the long-term health of the Supplementary Medical Insurance (SMI) Trust Fund.

Medicare Part C: The Senators recommend:

- Examining approaches that competitively set reimbursement to plans and simultaneously preserve access in rural areas; and
- Promoting reforms that encourage innovative plan designs to meet beneficiary needs.

Medicare Part D: The Senators recommend a reevaluation and examination of the current Part D cost-sharing thresholds to ensure long-term health of the program.

MEDICAID – Designed for low-income and disabled individuals and families, Medicaid is a joint federal-state program: The Senators urge modernization of the program using the

successful welfare reform model of the 1990s with states and governors leading the way through:

- Implementing fiscal responsibility by giving states defined budgets; and
- Empowering states to implement solutions for their citizens by giving states flexibility to:
 - o Modernize eligibility determination;
 - o Develop and implement provider reimbursement systems that encourage value over volume of services;
 - o Design benefits that comport with private-sector coverage, encourage healthy beneficiary behavior, and better manage chronic disease;
 - o Provide long-term care benefits with approaches that promote cost-effectiveness and self-directed services; and
 - o Partner with the federal government in providing more coordinated care for beneficiaries eligible for both Medicare and Medicaid.

Repeal of the Patient Protection and Affordable Care Act: The Senators recommend the repeal of this flawed health law as an essential step in improving the nation' s future economic and fiscal outlook.

Welfare and Related Program: The Senators recommend collapsing the Social Services Block Grant, the Child Care and Development Fund and the Temporary Assistance for Needy Families into one funding stream for states, the Social Services Fund, and establish time-defined goals.

Tort Reform: The Senators recommend tort reform as a means of slowing health care costs that are driven in part by the expensive practice of defensive medicine and saving billions of dollars.

INTERNATIONAL TRADE – Trade Adjustment Assistance: The Senators recommend the following:

- Reform the eligibility criteria to ensure that only those dislocated workers whose job loss is directly related to international trade are eligible for benefits;
- More narrowly defined benefits; and

- Allocation of any additional funding only to those programs that directly benefit dislocated workers.

SOCIAL SECURITY – The Senators find that with over 55 million Americans receiving Social Security retirement, disability, or survivors benefits and with fewer workers supporting more and more retirees, timely reform of this program is necessary and would send a positive signal to financial markets that America is solving its long-term imbalances. The Senators recommend that reforms accord with the following principles:

- Reform should ensure lasting, sustainable solvency of the program and maintain the integrity of Social Security as a safety net program that protects against poverty in old age or when a worker becomes disabled;
- Promised benefit changes should apply to younger workers who can plan accordingly and should not change the real value of benefits for current retirees or those close to retirement;
- Any proposed benefit changes should ensure protection against poverty for workers with low lifetime earnings and disabilities;
- Maintain, as best possible, the fundamental value that there is a relationship between what workers put into the system and what they get out;
- Be mindful of the negative effects of raising payroll taxes and lifting the taxable wage cap, as both would slow job creation and economic growth; and
- The Disability Insurance component of the Social Security system – with a Trust Fund that will be exhausted as early as 2016 – must be a part of any overall Social Security reform effort.

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