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**Health Care Reform Newsmaker Series:
Sen. Max Baucus (D-MT)
Kaiser Family Foundation
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****CORRECTED VERSION****

[START RECORDING]

MATT JAMES: Good morning, for those of you who are paying very close attention at this very early hour you'll have noticed I am not Drew Altman, President of the Kaiser Family Foundation. I am Matt James, Senior Vice President, and I'm pinch-hitting for Drew today. He had to be in the California office preparing for the Kaiser board meeting.

This is the first in a series of reporter only meetings that we'll be holding with healthcare reform newsmakers. Our partners in this series are Families USA and the National Federation of Independent Businesses. But you're not going to be hearing much from us, I promise.

Our goal here is to give reporters access to the people who will help shape the healthcare reform debate in this country. And we have no better person to start with than Senator Max Baucus here today. Now before we get to the Senator let me first do a couple of housekeeping things. First you're going to be hearing in just a few moments from Dan Danner, President and CEO of NFIB, and then from Ron Pollack, Head of Families USA.

Senator Baucus will then offer his thoughts on how he thinks healthcare reform, how the debate will unfold. And then we'll take questions from reporters at the table and those on

please identify yourself and your news organization and please use the microphones so that we can get a full record of this.

Now this is obviously an issue of great importance to the American people. Last week the Kaiser Family Foundation released a poll that showed that even given the serious economic problems facing the country 62-percent of the public feels that it is more important than ever to take on health reform now while only 34-percent say we can't afford to take on health reform at this time.

Now obviously as we know once the ad wars start, once the real debate begins those numbers are going to shift. But this, I think, underscores the seriousness with which the American public is taking this debate. And I think there is no question that Senator Baucus will play a central role if not the pivotal role as the legislative battle unfolds. Now with that, as I promised short, let me turn it over to Dan and then Ron who will introduce our guest.

DAN DANNER: Thank you very much. Let me say first how delighted we are to be here, how delighted we are to be a part of this process. There is no issue that's more important to small business than the cost and availability of healthcare. So we are, again, delighted to be a part of this process. We're particularly glad to be here and glad to work with

We know he understands the importance of small business. We know he has a lot of small business in his state and he cares about the impact of healthcare on them. So we look forward to working together. We really do want to get a solution and we're anxious to participate. Thank you.

RON POLLACK: Good morning, you will hear from the Senator. I am delighted to introduce a good friend and the legislator who probably will do more to reshape the debate on healthcare reform as any member in the United States Congress. Senator Baucus, as you know, is the Chairman of the all powerful Senate Finance Committee. He clearly has been the leading voice in the last year for healthcare reform.

He issued a Call to Action white paper in November. He conducted a summit for his colleagues in the Senate in June. He has conducted a whole host of hearings on healthcare reform. He has written op-eds with his colleague Ted Kennedy about the need for healthcare reform. He played the leading role in promoting the enactment of the Children's Health Insurance Program legislation that was adopted about a month ago.

He was the leader that secured major healthcare provisions in the economic recovery bill. And if I may tell a brief story out of school of the Senator to show his real commitment to healthcare reform; Last week during the summit on

instead to the one on healthcare reform so clearly he's deeply committed to the achievement of healthcare reform this year. Please give a warm welcome to Senator Max Baucus.

SEN. MAX BAUCUS (D-MT): Thank you, thank you, thank you. Thank you, Ron, very much. Thanks all of you. The Kaiser Foundation does just terrific work so I just want to thank you. It's good to be with you here today, bright-eyed and bushy-tailed this morning to discuss at least my top legislative priority for the year and that's enacting comprehensive healthcare reform.

In fact, a lot of people talk about this is one of my top priorities, that's not the case here at all. This is my top priority and it's so much a top priority my office sometimes wonders if I'm not spending enough time on other matters. I really care about healthcare reform and I'm going to do all I can to make meaningful, comprehensive health reform pass this year.

I want to update you a little bit on that effort so that you can follow a bit of what we're doing. Clearly the president's commitment is key. And as Ron said we in the Congress have already done a bit to help jump start healthcare reform. I think passage of the Children's Health Insurance Program is also another kind of down payment. There was a

we should delay children's health insurance reauthorization, because you know it otherwise expired March 31, and fold it into health reform.

Frankly, I argued for the folding-in. The president wanted the early win. He's the president so we took children's health insurance first. And I'm glad we got that early win. There was a little wrinkle there with one provision but we finally got it passed. As you know it ensures healthcare for 11 million low income children who otherwise would be shut out of the doctor's office.

We also took important steps and Ron alluded to it in the Economic Reform Bill that has investments in health information technology. I thought it was very important to get that down payment in too. Probably because it's a part of the Stimulus Bill, therefore, didn't have to worry about PAYGO. And just let us invest those dollars in health information technology because it is going to take years for that to play out.

The same with comparative effectiveness research. I pushed it strongly as have other Senators. That too is in the Stimulus Bill of other down payments to help us get moving. But health IT and sound research will also have long-term effects, we all know. They will increase the effectiveness,

So some important goals have been met. Now its time to move from first steps to giant steps, it is time to charge forward on comprehensive healthcare reform.

There has never been a better moment. As I have said many times the stars are all aligned. In addition the President is fully committed to reforming our healthcare system, more so than other presidents, although they have for many years pushed healthcare reform, but I don't know of any president that's been as committed as President Obama.

In his joint address to Congress last month, he said "The healthcare reform cannot wait. It must not wait and it will not wait another year." In his budget he made an important historic down payment on reform, as you know, \$634 down payment in healthcare reform. He focused on need to provide coverage to all Americans to contain costs, improve quality. And that is \$364 billion I think shows a very strong commitment. We will have to find other dollars to complete the job but that is very, very important, a very large first step.

His blueprint I think reflects thoughtful consideration in a response to calls that I have made and others have made, especially Senator Kennedy, to act now.

In November of last year, or at least that white paper, we had about ten Finance Committee hearings last year. I knew

Committee to hold ten hearings on healthcare reform without any ideological event. It was just to get the facts, to find out what how these different parts of healthcare reform interrelate to each other, knowing that we are going to have significant meaningful healthcare reform on the agenda in 2009.

I'm very glad I did that because many of the Finance Committee members are much more up to speed than they would otherwise would. That healthcare summit Ron alluded to was also important. It was a one-day conference at the Library of Congress. Most of the members of the Finance Committee and other Senators as well, those particularly interested in health.

It started out with Chairman Ben Bernake, who kind of highlighted, we broke out in subgroups, and Mr. Venter, you know the human genome guy was there. He spoke too. It was just very, very interesting. Again it was - we advanced the ball. We especially advanced the ball in the sense that virtually every member of the Committee attended and they stayed. They stayed all day long which is remarkable if you know much about the Senate. Also at the end, we got a little discussion with a couple of Republican Senators.

The concern was whether there should be universal coverage. And one Republican said, "I don't know, I don't

responsibility? I don't know if we should have universal coverage." Some other Senators yes, the same thing.

And I asked, I said, "Well, let's forget about the words. Let us forget about the terms. Let us just, let me ask a question. Do you think every American should have health insurance?" Well, yes, maybe, maybe every American should have health insurance.

It is an example in my judgment of how just keep talking, keep working with people and examining premises and assumptions of people and just kind of keep talking and it is important to not draw lines in the sand that we could make a little headway. So that summit I think made a big, big difference, along with all the other hearings that we had.

The consequences of all that we wrote our paper, A Call to Action. And I somewhat presumptuously will say I think it is a sort of blueprint from which a lot of healthcare reform amendments and ideas will spring. I am also in that paper, as you know, recommending new avenues for individuals and businesses to access insurance. I have suggested ways to make coverage affordable, subsidies for lower income Americans and prohibiting discrimination against those who are sick and have preexisting conditions.

I am recommending changing incentives to reward

new focus on prevention and wellness. And I am saying we must contain costs by limiting wasteful spending and improve the value we get for our healthcare dollars, which will also reduce costs.

The Call to Action, the white paper, was intended to begin that conversation and the conversation I think is going great guns. I have already spoken with Governor Kathleen Sebelius, our HHS nominee, spoke to her twice this last week. Saw her in person yesterday and also spoke with Nancy-Ann DeParle. I have known her over the years anyway and we are all anxious to get going here.

Senator Kennedy and I are working very closely, so closely in fact that we wrote about it together in *The Wall Street Journal* last week. We speak regularly by phone and we are planning to have lunch together this week. He and I convened bipartisan meetings of leaders on our respective committees and other key committees for; I look at it like a board of directors at Healthcare reform. We sit down, the chairmen, ranking members of Finance, HELP, and Budget committee with a couple of other senators who really care about health reform, and just kind of - like a board of directors, you know, overseeing kind of what we are doing.

Although we were respecting committee jurisdictions,

jurisdiction, HELP in its committee jurisdiction and correspondently the same over in the House.

Our staffs are working very closely together. They meet at least weekly. We're moving in tandem. Meanwhile, I have had dozens of individual meetings with colleagues of mine on both sides of the aisle. By getting their policies, getting their plans, asking lots of questions. What do you think? What do you want to do? How do we work?

I want this to be, I hate this word bipartisan but that's what it is, is working together, you know, both Republicans and Democrats totally; and I start out several, four, five, six, seven, eight months ago, seeing Senators individually. Anytime there is an opportunity to speak and say hey, look, we got a huge mess on our hands. We all know that. We got to fix it. We all know that. Everybody has to be part of the solution, everybody. We know that. Everything has to be on the table, everything. We have to suspend judgment against concepts that we may otherwise illogically or for whatever reason automatically knee jerk against.

We just keep open minds. Don't say no to anything for at least 5 to 10 minutes. Let's just figure how we do all this and I am asked well, Max, what about reconciliation then, the process in the Senate where you need only 51 votes.

is not my second choice. I am doing whatever I can to avoid reconciliation and don't take it off the table totally because it is a backup.

But I had rather by far, by far, do this together and not have to resort to that process, because if we have to resort then it becomes partisan, and then it is a 51 vote solution. I had had much rather have not a 60 vote solution; I'd rather have a 70 vote solution where we get something passed that, man, this is the right thing to do.

I can tell you it is also a little bit different. I am also meeting with the provider groups, with employers, with insurers, providers, manufacturers, labor and consumers and you know, taking their temperature, you know, two-way. I am doing all I can to meet with anybody who is effectively a part of this as I can and clearly it is different. You know that.

This time around there is much more responsiveness, much more eagerness. Business wants healthcare reform this year. They have to because it is costing them so much. Consumer groups clearly want it. It is costing the consumers so doggone much, and governments want it. It is costing governments so doggone much.

Then you hear all the horror stories of uneven quality of healthcare and people not getting the care they need, lack

us do it. And clearly the president's involvement makes a big difference.

So everybody I am talking to wants to be active. Of course, it is early. The white paper was a little bit vague. It did not have a lot of details. That was intentional to keep people in the room and now we are going to the next part and start to drill down a little bit. Working with CBO, it is more of an interim process, back and forth, as we score a different design models, et cetera.

But everyone agrees we need reform and in that we would need reform by delivery system. To be honest, that is sort of a new concept for a lot of senators. They have not thought much about delivery reform before. They know about coverage, know about costs, but the delivery reform is kind of new and that to me is the biggest area of opportunity and it is going to be the driver, for me, of healthcare reform.

Both the Finance and HELP Committees have - we have processes to meet these stakeholder groups. The HELP Committee keeps the Finance Committee informed and we keep them informed. As I said, our board of directors is, I think, is pretty important to kind of keep things sort of together. We meet this week and I have called a meeting with the Finance members this week also to talk about timetable. We meet first with the

in the executive session just too kind of get their - kind of move things along here.

I am roaring forward because healthcare reform must happen now. If we fail to act, the problem will only get worse. The New America Foundation estimates that on our current course at least half of American households would spend more than 45-percent of their income to buy health insurance in the year 2016. Families will go under. Businesses will go bankrupt as healthcare costs hamstringing their competitiveness and our nation would go on struggling economically without reform.

OMB Director Orszag has said it. "The path of fiscal responsibility must run directly through healthcare." Clearly time to move. The Administration is committed. The Congress is ready. I am really ready. So let us work together to make healthcare reform happen. Thank you.

MATT JAMES: Alright thank you senator. We now can take questions from you for the senator. Please again raise your hand, identify your news organization and your name, and the senator will be happy to take your questions.

DONNA SMITH: Hi, this is Donna Smith with Reuters News. I just wanted a little bit more detail of what you mean by reforming the delivery system as being the driving force

SEN. MAX BAUCUS (D-MT): Well essentially, aligning payments with value. Value-based purchasing is reimbursement based more on quality, both docs in hospitals, rather than volume. Health IT is part of it, comparative effectiveness is part of it, the concept of medical home, and bundling of payments, just focusing much, much more on reimbursing based on quality than our current system, which is at volume. The current system is siloed; I'm trying to avoid that a bit, take advantage of some of the practices. It's Cleveland, Mayo, Kaiser, Intermountain in Utah, but it's just how we pay for what we get, it's the delivery of healthcare, that's where the reform has to be.

JULIE ROVNER: Senator, Julie Rovner, National Public Radio. What we've seen already in terms of what Congress has done on healthcare with the Children's Health Insurance Program and the health provisions in the stimulus have come with significant pushback from the Republicans -- to wit, some of the changes you made in the children's health bill about legal immigrants and even the significant fight over the comparative effectiveness research money.

We're seeing Republicans already claiming-- talking about rationing and government take-over of healthcare. The Republicans seem at the moment in no mood to compromise when it

along when, as we've seen in the Congress already, they seem to be in not much of a mood to come to the middle on this issue?

SEN. MAX BAUCUS (D-MT): Bottom line, there is a real deep desire among many Republicans to find a solution. At the end of the stimulus debate after the vote, Senator Grassley on the floor said "Don't interpret this to mean the Republicans don't want to work on Health Care Reform, the next major issue." And I went over and shook his hand and thanked him for that.

Second, the other areas you mentioned, children's health and comparative effectiveness are really kind of outliers in the sense that there is a lot of agreement. Don't forget children's health insurance passed by a very large margin -- and it is increasing the scope of the coverage -- by a very large margin in '07, twice by large margins, although vetoed twice by President Bush.

And the version we took up this year was frankly the same, but I say its outlier because it would have been very, very bipartisan but for the addition of illegal - or legal children, five-year delay repeal. And they saw that as bad faith, I thought we were just going to focus on the children's health insurance, on certain legal kids and health insurance. And so that's sort of a special case.

radio, that this going to focus on the cost, this is rationing healthcare, just a bunch of hooey frankly. And once we got that straightened out then we— it just wasn't the problem. This bottom line right now you just feel it, Republicans, most of them want— you know they're gingerly looking at it, but they do want reform.

WYATT ANDREWS: Senator, Wyatt Andrews from CBS News. Thanks for doing this, first of all. Couple of finance questions: if everything is on the table, do you see going after the deductibility of healthcare in any way to help finance it? Second question on medical home, I realize it's early, but conceptually, if you want to pay these primary care docs more, it's kind of easy to see how you might do that through CMS. But how do you do that through the employer provided insurance system?

SEN. MAX BAUCUS (D-MT): Well, it's true that we have an employer-based system in America today. Without getting into how to [inaudible] it back in what— under Nixon, the wage price controls whatever it was. Forget about how we got here, that's where we are. And Americans are used to it, it does have problems. But, and it was also an issue during the presidential campaign.

Senator McCain said basically get rid of it and focus

employer-based, and some other changes. And I think that that tax provision should be on the table, because it currently is, it's too regressive.

It just skews the system. Without saying it – and I do not favor eliminating it. Some senators earlier, in some legislation, basically do want to eliminate that tax provision, the deductibility to the company and [inaudible] income to the employee. That's not where I am and I don't think that's where the vast majority of the congress is either. But I do think it needs to be trimmed, limited, looked at. A, it skews the system, it's regressive and B, it's a source of revenue.

WYATT ANDREWS: Second part of the question please, how you'd pay for medical home?

SEN. MAX BAUCUS (D-MT): Don't know. We'll get there. My thought is we'll focus a little first on delivery, generally. And that will certainly be part of delivery, then coverage, then we got to get how we're going to pay for all of this. Again it's scoring with CBO. And frankly, this is a whole new area too, CBO does not have near as much data on a lot of these design issues as they do traditionally on other areas where members of congress have introduced bills and memos and so forth. It's an open field in many areas, just not a lot of data. It's hard for CBO to score.

Doug Elmendorf about this, and also with Peter Orszag who clearly knows a lot about scoring healthcare and is the President's budget point person who wants to make this work too. So, we're just-- we have to work our way through all this and how we scored, not just Medical Home concept, but lots of other concepts, we're just not there yet.

ANNA EDNEY: Anna Edney with Congress Daily. Senator Baucus, last week you mentioned that there was some concerns with President Obama's proposal to limit itemized tax deductions. What are those concerns and do you feel that it's a realistic offset, or is there something else that you see getting that same amount of money from?

SEN. MAX BAUCUS (D-MT): Well, I think this was a very good, good faith proposal, put in 634 billion on the table as a down payment. It's very, very important and it's-- I'm very heartened that he did. And I had many discussions with administration, even during transition saying hey, if you really care about health care reform, you got to speak about it strongly in the budget, and-- I mean strongly in the President's joint statement, which is the President's statement to the joint session at congress, and also in the budget. And they did, and very strongly.

You got to start somewhere, and that provision at 28-

costs and it's very efficient, we're not wasting money. I'm committed to finding the revenues needed in the early years, looking for savings in the out-years. And I'll be taking the temperature of senators to see which measures are either— have the path of least resistance or which measures are more popular.

There's lots of ways to deal with this, that one you mentioned is just one. And so, we'll see. I cannot answer that question, because it's just too early.

LAURA MECKLER: I have two questions; one is when you do introduce legislation, do you intend for it to be a bipartisan bill with Senator Grassley or some other Republican? And secondly, I know that you're meeting with the committee later this week to talk about timing. But could you give us your personal, general sense of what you're hoping for? Are you hoping, for instance for committee or a senate action this spring? Or do you think it'll probably be pushed into the summer or fall?

SEN. MAX BAUCUS (D-MT): I— and don't hold me to this, but I think a bill— joint bill be good. Clearly, clearly the stronger preference is a bill with Senator Grassley on it. And I've been talking with him, our staff's been talking; we meet weekly anyway, going over issues, have for many years. Our

There are other Republican senators who also care deeply about health care reform on and off the committee, they'll be strong allies. And it's an ambitious goal, but I'd like to have us ready for the floor by June or July, before the August recess. I'd say June. And it's good to give ourselves a little bit of- make it early.

JOANNE KENEN: I am Joanne Kenen. I edit the Health Policy Blog at the New America Foundation. You used the phrase advancing the ball, and clearly the President's budget and the entire- your white paper and the entire conversation is a very comprehensive quality coverage conversation and probably more than any people anticipated just a couple of months ago. So what wakes you up in the middle of the night in a cold sweat? What's the thing that you really worry about going wrong since we've failed at this for 60-70 years so far?

SEN. MAX BAUCUS (D-MT): You think I'll answer that question? Well, I guess this might add new definition to the meaning of masochism, but I don't think - I know I have never attempted anything as challenging. This is the most difficult legislative challenge in my life and I relish it. This is so much fun. But, I don't think I'm naïve at all to the problems that are out there. It is so complicated.

One big problem frankly is education, is educating

understand not only the need for reform but how to reform. People know there is a problem. They are paying too much.

Some families are going bankrupt. I mean it's awful what some individuals and families are going through. They know there's a problem. They know their premiums are way too high, they can't get insurance or their insurance has dropped. They know the problem. They are just quite not sure what the solution is because it's so complicated.

Members of Congress really haven't thought this through very much until the last year, I dare say. And, so it's a major problem is just educating, helping people understand how these parts related, how these pieces can be fit together to essentially achieve reform and so that bills will start to be more tolerable, so that there will be more coverage, so that budgets aren't strained quite as much.

And also it's just a real effort to keep this bipartisan and talk to groups and to senators who may be inclined to drift away, get them back on the program by explaining that, Hey, that worry you have, maybe that's not that much of a worry after all. And we are aware of that concern. That is a legitimate concern and we are dealing with it.

Now there certainly will come times when you just have

MATT JAMES: Right here and then we will come back to you.

JIM BYRNE: I am Jim Byrne with Community Health Funding Report. You made an impressive case here about the tremendous effort you have put into education in conversation with your colleagues in the Senate, have you had any outreach to the House side to find out where the leaders there are?

SEN. MAX BAUCUS (D-MT): Yes I have and I regret it is probably not as much as it should be. I spent some time with Chairman Waxman, with Chairman Rangel, not as much with Chairman Miller, but we have been talking and we meet, Henry Waxman and I, I set up this process where we meet bimonthly and I learned this frankly years ago and I walked up to Senator Grassley, I said Chuck I've got an idea. I said let's just you and I meet weekly. Your office, my office, it doesn't make any difference, lock it in, and to minimize misunderstandings get to know each other better and so forth and we've been doing that for about eight years and it works wonderfully.

It's almost to the point now if you're a fly on the wall, you would think it is one office. We are working together pragmatically, and pragmatically try to solve problems and there is no acrimony, no bitterness is there.

I've done the same now with - I've instituted the same

Montana colleague Jon Tester, we decided okay let's do it with Henry and it probably expand and monthly I meet with Charlie Rangel and I get together with the ranking member, this time it's Dave Camp and also with Chuck Grassley, so the four of us talk about issues. It does work. I mean, it does work. I'm not saying it's perfect but it works. It is certainly well worth the effort and so I can try to expand the effort with the house.

EMILY WALKER: Emily Walker with Med Page Today.

Senator, you were talking about comparative effectiveness earlier but in the stimulus bill the provision in there said that it is not going to be linked to payment policies at this time, so how do you foresee comparative effectiveness actually adding value to the system? Is it just that physicians will read this research and know what is most effective and change their practices that way?

SEN. MAX BAUCUS (D-MT): Basically. The key is to take as biggest step as possible. I remember Russell Long once saying to lead a parade you can't get too out far in front. You can't leave you behind, you've got to be still there, part of the process. Some suggested adding cost so it's got a cost benefit analysis. That frightened too many people so at this point it's let do the analysis and make it public so that

take steps, the time, and significant steps at a time but I think that step works best at this point.

MATT JAMES: We have a question in the back there?

KAREN TUMULTY: Karen Tumulty from Time Magazine, what about I mean the concept that are in a number of plans including your - would allow people to buy into a Medicare program or a Medicare like program? You say nothing is off the table, I mean where does single payer fit in to all of this?

SEN. MAX BAUCUS (D-MT): I think single pay, America is not ready for single pay. I mean, America, we are a bit different than people in other countries. We are not Europe. We are not Canada. We are America. It is "go west, young man." It is entrepreneurism. It is creativity. It is innovation and so forth. And I think we have come up with a uniquely American solution which is a combination of public and private because we are America. I think that we would be spending capital inefficiently by trying to pursue a single pay system when we have another pathway to meet the health care reform available to us.

I think it should be about choice, flexibility in our reform package, and I think this country does not want single pay. This is not a single pay country. Some suggest it, but I don't think it's there. I think we could make better use of

similar to what President Obama is suggesting. It is somewhat similar to the Massachusetts plan and that, I think, is a better use of our time.

MATT JAMES: We promised the senator we would have him out of here in a couple of minutes. A couple more questions, Robert did you have a question?

ROBERT PEAR: Robert Pear, *New York Times*, when you said senator that you thought the tax exclusion should be examined and perhaps limited, the tax exclusion for health benefits for employees, do you think that might lead to a tax increase for people with more generous health benefits, and do you have any ideas about how the revenue might be used then?

SEN. MAX BAUCUS (D-MT): Well, money is fungible, so any revenues can be used basically anywhere in this context. I don't like to align one source of revenue with this provision in health care reform. As I mentioned earlier, we are only beginning to try to figure out which revenue provisions work here and which don't.

I've talked to our members of my committee, both sides, what works, what doesn't work here. We have got to put these models together, lots of discussion, internal discussion with OMB in scoring. And I can't answer that question, the second part of your question, at this point. I just don't know. It's

ALEXIS SEMINDINGER: Alexis Semindinger with National Journal, can I just follow on that? You mentioned when you were talking about the \$634, the reserve fund, to what extent do you think the president wanted that to be a lure for members to come in to the room, to what extent do you think?

SEN. MAX BAUCUS (D-MT): A lure?

ALEXIS SEMINDINGER: A lure to get them in to put money on the table, do you think it's a deterrent and you mentioned that there is going to be a need for additional sums to do reform, what is the tipping point do you think in terms of your feel of members, in terms of the dollar amount that will be needed and what they won't accept if they focus on cost?

SEN. MAX BAUCUS (D-MT): Well I don't know what a tipping point is yet. I don't want to get too far ahead of myself. I have a schedule in mind for the rest, for the first half of this year, which I am going to talk to members about this week. I don't want to get into that right now because I don't want to get ahead of my team here, but and then we do, we will have a better idea of where that tipping point is.

It depends obviously on how effective the other provisions seem to be working and the scores we can get in some of these, the savings we can get in some of these. I just don't know yet. In answer to this lady's question over here,

a day, questions like that, is design and scoring, fitting pieces together. It's too early to answer that question yet where that tipping point is. We will find it later.

MATT JAMES: Despite the fact that your staff is hovering, you have time for one or two more questions, senator, so yes right here?

GRANT HALL: Hi senator. Grant Hall with *PART B NEWS*, I know you talked earlier about getting a bill before the August recession.

SEN. MAX BAUCUS (D-MT): Recess. [Laughter]

GRANT HALL: Recess. [Laughter] You can see what's on my mind. But I wanted to ask about the physician reimbursement. Right now, there is a 21-percent cut that is mandated to take effect in 2010 under the SGR Formula, so I am wondering will the comprehensive reform efforts happen soon enough to avert the cut and if not, will there be another patch as there has been in the past?

SEN. MAX BAUCUS (D-MT): Well I was pleased to see the administration talking about addressing the SGR in a comprehensive way. I am having conversations with OMB about administrative actions they could take to help solve that. Otherwise, it is a \$300 billion item over 10 years. That is pretty big and I've got ideas of actions that can be taken to

cost to congress anyway to significantly limit that \$300 billion.

We are working on that and the good news is that we have an administration, Senator Obama is our president, working with us on health care reform, working with us in the congress. We are on the same page basically, it's just finding ways to make it work. You know, it's a huge opportunity we have and those are a couple of the stars that are aligned. It's not always been the case but it is the case today and we will find a way to mutually address that and the administration wants to help us. They say they want to help us and I believe they want to help us.

MATT JAMES: All right last question, somebody in the back row here?

LESTER FEDER: Hi. I'm Lester Feder with The Nation. I'm curious, you know, you talked before where you mentioned that we need to come up with additional money to finish the job on top of the \$634 billion, are you personally committed to finding the rest of that money in this round? How much money are we talking about to finish the job, and if not this round, how are you going to decide which Americans will be helped by this down payment and how many to extend the metaphor are going to have to wait for congress to figure out if it could afford

SEN. MAX BAUCUS (D-MT): Well, first of all, we are paying for it. This is not stimulus which was not paid for. This is all paid for and the next installment also if you're under the PAYGO we are going to pay for it. It's not going to add to the deficit. It will not add to the deficit, it will be paid for.

Second, I'm not looking at this in the way say the first X-amount is going to help Y-amount of people, A-amount dollars are going to help B-amount of people, that's not the way this works. This is going to be phased in over time, can't do it all, the implementation can't all be at once. This could take a couple of three years to get this phased in frankly and that is going to be work, too, because even after we enact by legislation certain provision that maybe don't take effect until year two or three, then the dog gone thing has to be implemented by CMS, etc, and that is just going to take time. It also means we are going to have to beef up CMS.

CMS is going to have to be ready to roll here, but the money is being paid for and it's just going to be phased in over time and there is not going to be a category of people that is going to be cut out first and then concluded later. It is going to be phased in so everybody - my goal is so everybody is working together on this so we are part of the same -

you get to universal coverage or are people going to be left wondering after this is approved, you are only funding it for that amount, where the congress will actually come up with the money to do that?

SEN. MAX BAUCUS (D-MT): My goal is to have a plan that covers it all.

MATT JAMES: Great, thank you senator. I really appreciate you being here today. For all the reporters at the table, and those on the phone, very sorry we weren't able to get to all of your questions.

I would like to thank Dan from NFIB and Ron from Families USA for joining us here today, also in helping us to sponsor this. Our goal is to do these meetings every other week, hopefully on Tuesdays, so we will be back in touch with you soon with the next in our series on health reform news makers. Thank you, senator.

SEN. MAX BAUCUS (D-MT): Thank you. Thanks, everybody.

[END RECORDING]