

Testimony of Rep. Denny Rehberg  
Before the Joint Energy and Commerce Committee  
Subcommittee on Health and Subcommittee on Oversight and Investigations  
CLASS Cancelled:  
An Unsustainable Program and Its Consequences on the National Deficit  
October 26, 2011

Thank you, Chairman Pitts and members of the House Energy and Commerce, for the invitation to testify here today.

I want to also thank the members of the CLASS Act Working Group – especially, Chairman Sterns, Rep. Burgess, Rep. Gingrey, Chairman Pitts and Chairman Upton who are here with us today. Senator Thune's leadership has also been extraordinary.

This hearing is really the culmination of a lot of hard work, and if you think about it, it's unfolded a lot like an episode of Law & Order.

Those shows always begin with a mystery. On March 23, 2010, the American public was handed a mystery when President Obama signed the so-called Patient Protection and Affordable Care Act. Weighing in at more than 2,500 pages, it calls for thousands more in regulatory rule-making, even the bill's authors didn't read it. We were told that we had to pass the bill before we could find out what was in it.

That's what the CLASS Act Working Group was all about. We followed clues, questioned witnesses and used the oversight authority of the Congress to track paper trails. As the Chairman of the Appropriations Committee that oversees the Department of Health and Human Services, I requested internal HHS documents that revealed the insolvent nature of the program.

When it passed, we were told that CLASS is a true insurance program where the

premiums collected would cover the benefits paid out. But as we dug deeper, that cover story began to fall apart. New facts came to light. Every actuarial expert - including the HHS staff and the Chief Actuary himself – agree that, as it's currently written, CLASS simply won't work. It won't pay for itself, so the government is exposed to tens of billions of dollars of cost according to the CBO.

And then, earlier this month, we got the equivalent of a full confession. The Department of Health and Human Services has rightfully decided to cancel the program.

This was a profound development. Once we stripped away the political spin, brushed off budget gimmicks and cut through the bureaucratic jungle, we saw a foundational pillar of the President's Health Care Law for what it really was: A ponzi scheme that, apparently, was included in the bill solely to help the bill appear deficit neutral.

But there's a problem. CLASS is not gone. Not yet. The Secretary can claim she has the authority to, in effect, re-write it. There will be temptation for some in Congress to simply slip additional authority into an unrelated bill to turn CLASS into something it was never meant to be.

And that's why we're here today. The facts are out. Now we have to decide what is to be done.

I'm here because I don't think CLASS should be re-written or re-designed by the bureaucracy.

At a time when we are struggling to save the entitlement programs we already have – good programs like Social Security and Medicare – we simply can't afford massive new government programs like CLASS.

The potential cost to the government or to employers is so great that any consideration of a program of this type needs to be fully considered in a transparent and open way by

the public and the Congress.

And just as with the other new entitlements in PPACA, a new program of this type makes the task of saving existing entitlement programs for existing beneficiaries even more difficult.

This week, I introduced a bill to repeal CLASS and other new entitlement programs as well as co-sponsored Mr. Burgess's CLASS repeal bill.

Colleagues, the most important responsibility Congress has today is to create an environment for the economy to thrive. To do that we must reduce government spending and onerous regulations.

Out of control government spending leads to higher taxes, lower government debt ratings, and uncertainty. And, onerous regulations lead to higher cost of doing business and barriers to business growth.

We've come to the final act in any Law and Order episode. We've seen the crime, we've uncovered what happened. We've got the confession. Now it's time to pass sentence. Congress has a chance to act decisively to protect the hardworking American taxpayer from the consequences of an unsustainable new government program.