AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Remarks at a Town Hall Meeting and a Question-and-Answer Session in Belgrade, Montana

August 14, 2009

The President. Hello, Montana. Thank you. It's great to be here. Please, everybody have a seat, have a seat. Thank you so much. Thank you. I am excited to be back in Montana. I want to——

Q. Where's Michelle?

The President. Where's Michelle? Come on, what is this, chopped liver here? [*Laughter*] Michelle and the girls were supposed to go white water rafting. Now, I just heard some rain out there, so I don't know what's going on there, but they're on their way.

I want to first of all acknowledge some outstanding public officials and great friends. First of all, the man who is working tirelessly to make sure that the American people get a fair deal when it comes to health care in America, please give Max Baucus a big round of applause. Thank you, Max. One of my favorite people in Washington, probably because he hasn't "gone Washington"—still gets the same haircut—give it up for Jon Tester. Your own star here in Montana, the great Governor of this State, please give Brian Schweitzer and his lovely wife Nancy a big round of applause. The Lieutenant Governor, John Bohlinger, is here. Give John a big round of applause. The mayor of Belgrade, Russ Nelson, is here. The mayor of Bozeman, Kaaren Jacobson, is here. And somebody who I believe is destined to be one of the greatest Secretaries of the Interior in our history, former Senator from Colorado, Ken Salazar, is here. Please give Ken a big round of applause.

Well, it is nice to be back. It's nice to take a break from the going-ons in Washington. I'm thrilled to have a chance to spend some time with the folks in this beautiful State. After all, here in Montana, you've got bears and moose and elk. In Washington, you just have mostly bull. [*Laughter*] So this is a—[*applause*]—this is a nice change of pace, being in Montana.

I especially want to thank Katie for her introduction. Where'd Katie go? There she is, right there. Katie's willingness to talk about such a painful experience is important, because we have to understand what's at stake in this health care debate. Katie's story is the kind of story that I've read in letters all throughout the campaign and everyday when I'm President. I hear about them in town halls all across America: The stories of hard-working people who are doing the right thing, they're acting responsibly, only to find out that they're penalized because others aren't doing the right thing, because others aren't acting responsibly.

On Tuesday, I was in New Hampshire talking about people denied insurance coverage because of preexisting conditions. Now today, we're talking about folks like Katie who've had their insurance policies suddenly revoked, even though they were paying premiums, because of a medical condition. They got sick and suddenly that's when they get dropped. Tomorrow, in Colorado, we'll be talking about the people who have insurance but are still stuck with huge bills because they've hit a cap on their benefits, or they're charged exorbitant out-of-pocket fees.

And when you hear about these experiences, when you think of the millions of people denied coverage because of preexisting conditions, when you think about the thousands who have their policies cancelled each year, like Katie, I want you to remember one thing: There

but for the grace of God go I. Most of us have insurance. And most of us think, you know, knock on wood, that we're going to stay healthy. But we're no different than Katie and other ordinary Americans, no different than anybody else. We are held hostage at any given moment by health insurance companies that deny coverage or drop coverage or charge fees that people can't afford at a time when they desperately need care.

It's wrong. It's bankrupting families; it's bankrupting businesses. And we are going to fix it when we pass health insurance reform this year. We are going to fix it. Now, again, I want to specially thank Max for his hard work on a bill as chair of the Finance Committee. He has been committed to getting this done.

This is, obviously, a tough time in America; it's a tough time here in Montana. Just 6 months ago, we were in the middle of the worst recession in our lifetimes. We were losing about 700 [700,000]* jobs each month. Economists of all stripes feared a second coming of a Great Depression. And that's why we acted as fast as we could to pass a recovery plan to stop the freefall.

I want to just speak briefly about the recovery plan because that has colored how people view the health care debate. The recovery plan was divided into three parts. One-third of the money in the Recovery Act went to tax cuts that have already started showing up in the paychecks of about 400,000 working families in Montana. Four hundred thousand working families have seen their taxes reduced because of the Recovery Act. We also cut taxes for small businesses on the investments that they make, and more than 200 Montana small businesses have now qualified for new loans backed by the Recovery Act, including 10 businesses right in the Bozeman area.

Another third of the money in the Recovery Act is for emergency relief for folks who've borne the brunt of this recession. What am I talking about? Unemployment insurance: we've extended benefits for 40,000 Montana residents. We've made health insurance 65 percent cheaper for families who rely on COBRA when they lose their job and they're out there looking for work. And I think as your Governor will testify, for States facing historic budget shortfalls, we provided assistance that has saved the jobs of tens of thousands of workers who provide essential services, like teachers and police officers. We've prevented painful jobs cuts, but we've also prevented a lot of painful State and local tax increases. So that's two-thirds of the Recovery Act.

The last third of the Recovery Act is for investments that are already putting people back to work: rebuilding infrastructure. There are nearly 70 transportation projects already approved here in Montana. These are jobs fixing up the roads that run through the national forests, good jobs doing the work that America needs done. And most of the work is being done by local businesses, because that's how we're going to get this economy growing again.

So there is no doubt that the recovery plan is doing what we said it would, putting us on the road to recovery. We saw last Friday the jobs picture is beginning to turn. We're starting to see signs that business investment is coming back. So people, I think, sometimes when I listen to them on TV or on these cable shows, they seem to have a selective memory. We started with this mess. We're now pulling out of it. But that doesn't mean we're out of the woods. That doesn't mean we're out of the woods. You know that. In Bozeman, for example, the local job center recently reported seeing more than 8,000 job seekers for just 160 jobs.

---

* White House correction.

So we can't just sit back and do nothing while families are struggling. Because even before this recession hit, we had an economy that was working pretty well for the wealthiest Americans, working pretty well for Wall Street bankers and big corporations, but it wasn't working so well for everybody else. It was an economy of bubbles and busts. It was an economy in which recklessness, and not responsibility, was rewarded. We can't go back to that kind of economy.

If we want a country that succeeds in the 21st century, then we have to lay a new foundation for lasting prosperity. And health insurance reform is one of the key pillars of this new foundation. This economy won't work for everyone until folks like Katie and her husband can start that small business without fear of losing their health coverage, until companies aren't slashing payroll and losing profits to pay for health insurance, until every single American has the security and the peace of mind of knowing they've got quality, affordable care.

And the fact is health care touches all of our lives in a profound way. Now, that also makes this debate an emotional one. I know there's been a lot of attention paid to some of the town hall meetings that are going on around the country, especially when tempers flare—TV loves a ruckus.

What you haven't seen on TV—and what makes me proud—are the many constructive meetings going on all over the country. Everywhere across the country, you're seeing people who are coming together and having a civil, honest, often difficult, conversation about how we can improve the system. That's how democracy is supposed to work.

Earlier this week, I held a town hall in New Hampshire. A few thousand people showed up. Some were big supporters of health insurance reform, some had concerns and questions, some were downright skeptical, didn't believe it could be done. But I was glad to see that people were there not to shout, they were there to listen and ask questions. That reflects America a lot more than what we've seen covered on television for the last few days, and I want to thank you for coming here today in that spirit.

Now—but before I take questions, I just want to talk briefly about what health insurance reform will mean for you. And we still have work to do in Congress, the bills aren't finalized. But I just want you to understand about 80 percent of this has already been agreed to. And here are the basic principles that folks are talking about.

First, health insurance reform will mean a set of commonsense consumer protections for folks with health insurance. So those of you who have health insurance, this is—its mean—this is what it will mean. Insurance companies will no longer be able to cancel your coverage because you get sick. That's what happened to Katie. It can't happen anymore.

If you do the responsible thing, if you pay your premiums each month so that you are covered in case of a crisis, when that crisis comes—if you have a heart attack or your husband finds out he has cancer or your son or daughter is rushed to the hospital—at the time when you're most vulnerable and most frightened, you can't be getting a phone call from your insurance company saying that your insurance is revoked. It turns out, once you got sick, they scoured your records looking for reasons to cancel your policy. They'd find a minor mistake on your insurance form that you submitted years ago. That can't be allowed to happen.

One report found that three insurance companies alone had canceled 20,000 policies in this way over the past few years. One man from Illinois lost his coverage in the middle of chemotherapy because his insurer discovered he hadn't reported gall stones he didn't know about—true story. Because his treatment was delayed, he died. A woman from Texas was

diagnosed with an aggressive form of breast cancer, was scheduled for a double mastectomy. Three days before surgery, the insurance company canceled the policy, in part because she forgot to declare a case of acne—true story. By the time she had her insurance reinstated, the cancer had more than doubled in size.

And this is personal for me. I'll never forget my own mother, as she fought cancer in her final months, having to worry about whether the insurance company would refuse to pay for her treatment. The insurance company was arguing that she should have known that she had cancer when she took her new job, even though it hadn't been diagnosed yet. If it could happen to her, it could happen to any one of us. It's wrong, and when we pass health insurance reform, we're going to put a stop to it once and for all. That is what Max Baucus is working on.

Number two: Insurance companies will be prohibited from denying coverage because of your medical history. A recent report found that in the past 3 years, more than 12 million Americans were discriminated against by insurance companies because of a preexisting condition. No one holds these companies accountable for these practices. But we will.

And insurance companies will no longer be able to place an arbitrary cap on the amount of coverage you can receive in a given year or a lifetime. And that will help 3,700 households in Montana. We'll place a limit on how much you can be charged for out-of-pocket expenses, as well, because no one in America should be broke when they get sick. And finally, we'll require insurance companies to cover routine checkups and preventive care, like mammograms and colonoscopies, because that saves money and that saves lives.

So that's what health care reform is all about. Right now we've got a health care system that all too often works better for the insurance companies than it does for the American people. We want to change that.

Now, if you are one of nearly 46 million people who don't have health insurance, you'll finally have quality affordable options. And if you do have health insurance, we'll help make sure that your insurance is more affordable and more secure. If you like your health care plan, you can keep your health care plan. This is not some Government takeover. If you like your doctor, you can keep seeing your doctor. This is important. I don't want Government bureaucrats meddling in your health care, but I also don't want insurance company's bureaucrats meddling in your health care either. That's what reform's about.

Now, let me say this: Under the proposals that Max is working on, more than 100,000 middle class Montanans will get a health care tax credit. More than 200,000 Montanans will have access to a new marketplace where you can easily compare health insurance options. Nearly 30,000 small businesses in Montana will be helped by new tax benefits as well. And we will do all this without adding to our deficit over the next decade, largely by cutting waste and ending sweetheart deals for insurance companies that don't make anybody any healthier.

So the fact is, we are closer to achieving health insurance reform than we've ever been in history. We have the American Nurses Association and the American Medical Association on board because America's doctors and nurses know how badly we need reform. We have broad agreement in Congress on about 80 percent of what we're trying to achieve, and we continue to work on the other 20 percent. We have an agreement from the drug companies, who violently opposed reform in the past, to make prescription drugs more affordable for seniors. The AARP supports this policy and agrees with us that reform must happen this year.

But because we're getting close, the fight is getting fierce. And the history is clear: Every time we are in sight of health insurance reform, the special interests fight back with everything

they've got. They use their influence; they run their ads; and their political allies try to scare the heck out of everybody. It happened in '93; it's happening now. It happened, by the way, when Lyndon Johnson tried to propose Medicare. It happened when John F. Kennedy tried to propose Medicare.

We can't let them do it again, not this time, because for all the scare tactics out there—for all the scare tactics out there, what is truly scary—what's truly risky is if we do nothing. If we keep the system the way it is right now, we will continue to see 14,000 Americans lose their health insurance every day. And that could be you. Premiums will continue to skyrocket, rising three times faster than wages. That will be you. The deficit will continue to grow. Medicare will go into the red in less than a decade.

So for all the seniors out there, who understandably are worried about Medicare, understand if we don't reform the system, in about 8 years Medicare goes into the red. And given the deficits that we have right now, we've got to start thinking how are we going to pay for that. Insurance companies will continue to profit by discriminating against people for being sick.

So if you want a different future—a brighter future—I need your help. Change is never easy, and by the way, it never starts in Washington. It starts with you. So I need you to keep knocking on doors, talking to your neighbors, spread the facts, fight against the fear. This is not about politics; this is about helping the American people. And if we can get it done this year, the American people are going to be better off.

Thank you, Montana. Thank you.

All right, everybody have a seat. So we are going to try to take as many questions as we can in the time that we've got. And we haven't preselected anybody, or prescreened the questions. All we want to do is just ask you to raise your hand if you've got a question. And I'm going to go girl-boy-girl-boy so I don't get into trouble. [*Laughter*]

There are people in the audience with microphones, as you can see. And so if you can—once I call on you—if you can just wait until they bring the microphone, stand up so we can all see your lovely face, and introduce yourself, and then I will ask—I will answer the question. And if you can keep your questions relatively brief, I'll try to keep my answers relatively brief.

All right, this young lady right here in the blue blouse—right there.

Health Care Reform/Comparison with Foreign Health Care Systems

Q. Hi, Mr. President. Thank you so much for coming to southwest Montana. We really appreciate you being here.

The President. Thank you. It's great to be here.

Q. My name is Carol Wilder. I was laid off in January. I am currently uninsured. My two children have Medicaid right now. And my question is, without going into too much detail, can you tell us what you—if you have kind of looked at Canada, the—England's system, and sort of—can you pick and choose from those systems that work, that we see there's some success rate and apply that to what you're trying to push through right now?

The President. Well, let me tell you what happens in other industrialized countries. First of all, I think it's important for everybody to understand that Americans spend $5,000 to $6,000 per person more than any other advanced nation on Earth—$5,000 or $6,000 more than any other person—any other country on Earth.

Now, if you think that—how can that be? Well, you probably don't notice it, because what's happening is if you've got health insurance through your job, more and more of what would be your salary and wages is going to health insurance. But you don't notice it; you just notice that you're not getting a raise. But a bigger and bigger portion of compensation is going to health care here in the United States. Now that's point number one.

So clearly we've got a system that isn't as efficient as it should be because we're not healthier than these people in these other countries. Having said that, most other countries have some form of single-payer system. There are differences. Canada and England have more of what's called—what people I guess would call a "socialized system", in the sense that government owns the hospitals, directly hires doctors, but there are a whole bunch of countries like the Netherlands where what they do is, it's a single-payer system only in the sense that government pays the bill, but it's all private folks out there: private doctors, private facilities. So there are a bunch of different ways of doing it.

Now, what we need to do is come up with a uniquely American way of providing care. So I'm not in favor of a Canadian system, I'm not in favor of a British system, I'm not in a favor of a French system. That's not what Max is working on. Every one of us, what we've said is, let's find a uniquely American solution because historically here in the United States the majority of people get their health insurance on the job. So let's build on that system that already exists, because for us to completely change that, it would be too disruptive. That's where suddenly people would lose what they have, and they'd have to adjust to an entirely new system. And Max and I agree that's not the right way to go.

So all we've said is, in building a better system, what are the elements? Well, number one, for people like you, you should be able to get some help going into the private insurance marketplace and buying health insurance. So we would give you a tax credit, a subsidy of some sort, to help you obtain insurance.

Now, the problem is, if you're going out there on your own, then it's much more expensive than if you go in a big group. So we would allow you to buy into a health care exchange that would give you some power to negotiate for a better rate, because you're now part of a big pool. We would also make sure that if you do have health insurance that you are protected from some of the policies that we've already talked about that have not been very good for consumers. So you wouldn't be able to be banned for preexisting conditions. There would be caps on the amount of out-of-pocket expenses you would have to spend. So we would reform the insurance market for people who already have health insurance.

And if we do those things—making it better for folks who already have insurance, making it easier for you to buy insurance, and helping small businesses who want to do the right thing by their employees but just can't afford it because they're charged very high rates, they can't get a good deal from the insurance companies—if we do those things, then we can preserve the best of what our system offers—the innovation, the dynamism—but also make sure that people aren't as vulnerable. Now, that's essentially what we're talking about with health care reform.

And so when you start hearing people saying, you know, we're trying to get socialized medicine and we're trying to have Government bureaucrats meddle in your decisionmaking between you and your doctor, that's just not true.

All right? Okay. It's a guy's turn. Gentleman right there in the back, with the green.

Medicare

Q. I think most of us know that Medicare is one of the best social programs this Nation has ever put together. It works extremely well and helps the people who need it the most. But money doesn't grow on trees.

The President. Right.

Q. How can we be assured that increasing coverage to others is not going to make Medicare more expensive or less effective?

The President. Well, I think this is a good point, and I appreciate the question, because a lot of seniors are concerned about this. First of all, it is important to know that Medicare is a Government program. So when you hear people saying, "I hate Government programs, but keep your hands off my Medicare"—[*laughter*]—then there's a little bit of a contradiction there. And I have been hearing that quite a bit, all right, so I just want to—[*applause*]—I want to be clear about that.

Medicare is a terrific program, and it gives our seniors security. And I want Medicare to be there for the next generation, not just for this generation. But if we don't make some changes in how the delivery system works, if we don't eliminate some of the waste and inefficiencies in the system, then seniors are really going to be vulnerable. So what we've proposed is not to reduce benefits—benefits on Medicare would stay the same—it's not to ration. What we are asking is that we eliminate some of the practices that aren't making people healthier.

Example number one: Subsidies to insurance companies under Medicare amount to about $177 billion over 10 years. That's how much we think we could save by eliminating subsidies to insurance companies that are offering what's called Medicare Advantage. It doesn't help seniors any more than regular Medicare does.

And so if we took that $177 billion, we're not making seniors worse off, but we've got that money now not only to strengthen the health care system overall, but potentially to cover more people. Now, the insurance companies don't like it, but it's the right thing to do.

Let me give you another example of changes that we should make. Right now when you go into the hospital, you get a procedure under Medicare, if you end up having to come back to that hospital a week later because something went wrong, they didn't do it right, the hospital doesn't pay any penalty for that; they just get reimbursed for a second time or a third time—same fee, same service.

Now, think about that if car—auto repair shops operated the same way. You take your car in, you get it fixed, and a week later the thing is broken again. You go in, the guy says, "Well, let me charge you all over again, and I'll do just the same thing." That doesn't make sense. So what we've said is, let's give hospitals an incentive. Let's say to the hospitals, we're going to charge you for overall treatment of whatever the problem is. And if you get it right the first time, you get to keep a little extra money. But if you keep on having the person coming back again and again, then there's a disincentive.

Those are the examples of the kinds of changes that can be made that aren't reductions in benefits, but they save the system money overall, and by the way, will actually increase the life expectancy of the Medicare Trust Fund, which is in deep trouble if we don't do something, because as you said, money doesn't grow on trees. So we're actually trying to help preserve Medicare and make people healthier in the process.

All right, young lady in the back there—right there. No, well, actually, I was pointing—I didn't see you. Right there. No, the young lady in the blue who stood up there.

Medicaid/Health Care Reform

Q. Good afternoon, Mr. President. My name is Sarah Landry, and I'm a Bozeman resident. Sorry, I'm a little nervous.

The President. That's okay, you're doing great. [*Laughter*]

Q. I'm—thank you—I'm a single mother of two children. I'm an MSU student. I have a son that suffers from many disabilities. He's disabled for the rest of his life. He's 11 years old. He suffers from autism, he's non-verbal, he suffers from extremely hard-to-control epilepsy, and he's type 1 diabetic. He has been sick with these ailments ever since he was 9 months old. My question to you is, I rely heavily on his Medicaid to support good health care for him. What, with this reform, would happen with his Medicaid—Medicare coverage—or Medicaid coverage, sorry.

The President. First of all, thank you for sharing your story. You are a heroic mom, so we are grateful to you and your son's lucky.

If you currently qualify for Medicaid, your son currently qualifies for Medicaid, he would continue to qualify for Medicaid. So it would not have an impact on his benefit levels and his ability to get the care that he needs.

Some of the reforms that we're talking about, though, what I just referred to as delivery system reforms, where we help, for example, encourage doctors when they are seeing a patient, instead of having five tests, do one test and then e-mail all the tests to five specialists. Those kinds of changes can save money in the Medicaid and the Medicare systems overall, and that will actually help Governor Schweitzer, who has to come up with half of Medicaid in his State budget every year, it will actually help him then be able to pay for it.

So we're not changing the benefit levels or who qualifies for Medicaid. We might see some expansion of Medicaid, in fact, under the reforms that have been proposed in some of the legislation, but we do have to make the whole system overall just a little bit smarter, make sure we're getting a better bang for the buck, so that the money is there for the services that your son needs. Okay?

This also includes, by the way, preventive care, wellness care, because our system really is not a health care system, it's more like a disease care system, right? We wait until people get sick and then we provide them care. Now, think about it. Are we better off waiting until somebody gets diabetes and then paying a surgeon for a foot amputation, or are we better off having somebody explain to a person who's obese and at risk of diabetes to change their diet, and if they contract diabetes to stay on their medications? Obviously, the second is more cost-efficient, but right now the health care system is perverse. It does not incentivize those things that actually make people better or to—keeps them out of hospitals in the first place, and that's what we have to change overall to make sure that the resources are there for your son. Okay?

It's a gentleman's turn, and I'm going to call on that gentleman right there—right there.

Taxes/Paying for Health Care Reform

Q. My name is Randy——

The President. Hold on, Randy. There you go.

Q. Okay. My name is Randy Rathie, I'm from Ekalaka, Montana. And as you can see, I'm a proud NRA member—[*applause*]

The President. [*Laughter*] There you go.

Q. I believe in our Constitution, and it's a very important thing. I also get my news from the cable networks because I don't like the spin that comes from them other places.

The President. Oh, you got to be—you got to be careful about them cable networks, though. [*Laughter*] But that's okay, go ahead, go on with your question.

Q. Max Baucus, our Senator, has been locked up in a dark room there for months now trying to come up with some money to pay for these programs. And we keep getting the bull. That's all we get, is bull. You can't tell us how you're going to pay for this. You're saving here; you're saving over there. You're going to take a little money here; you're going to take a little money there. But you have no money. The only way you're going to get that money is to raise our taxes. You said you wouldn't. Max Baucus says he doesn't want to put a bill out that will. But that's the only way you can do that.

The President. Well, let—I'm happy to answer the question.

Q. Thank you.

The President. Look, you are absolutely right that I can't cover another 46 million people for free. You're right, I can't do that. So we're going to have to find some resources. If people who don't have health insurance are going to get some help, then we're going to have to find money from somewhere.

Now, what I've identified, and most of the committees have identified and agreed to, including Max Baucus's committee, is that there—overall this bill will cost—let's say it costs $800 to $900 billion. That's a lot of money. That's a lot of money. That's over 10 years, though, all right? So that's about $90 billion—$80 to $90 billion a year.

About two-thirds of it, two-thirds, can be obtained by doing some of the things I already mentioned, like eliminating subsidies to insurance companies. So you're right, that's real money. I just think I would rather be giving that money to the young lady here who doesn't have health insurance and giving her some help, than giving it to insurance companies that are making record profits. Now, you may disagree. I just think that's a good way to spend our money.

But your point is well taken, because even after we spend—even after we eliminate some of the waste, and we've gotten those savings from within the health care system, that's only two-thirds. That still means we've got to come up with one-third. And that's about $30 billion a year that we've got to come up with. Now, keep in mind the numbers change, partly because there are five different bills right now. This is all going to get merged in September. But let's assume it costs about $30 billion a year over 10 years. We do have to come up with that money.

When I was campaigning, I made a promise that I would not raise your taxes if you made $250,000 a year or less. That's what I said. But I said that for people like myself, who make more than that, there's nothing wrong with me paying a little bit more in order to help people who've got a little bit less. That was my commitment.

So what I've said is, let's, for example, just—this is the solution that I originally proposed; some Members in Congress disagree, but we're still working it through—what I've said is we could lower the itemized deductions that I can take on my income tax returns every year so

that instead of me getting 36 percent, 35 percent deductions, I'll just get 28 percent, like every—like people who make less money than me.

If I'm writing a check to my local church, I don't know why Uncle Sam should be giving me a bigger tax break than the person who makes less money than me, because that donation means just as much. If we just did that alone, just that change alone, for people making more than $250,000, that alone would pay for the health care we're talking about.

So my point is, number one, two-thirds of the money we can obtain just from eliminating waste and inefficiencies. And the Congressional Budget Office has agreed with that; this is not something I'm just making up; Republicans don't dispute it. And then the other third we would have to find additional revenue, but it wouldn't come on the backs of the middle class.

Now, let me just make one final point. I know that there are some people who say, "I don't care how much money somebody makes; they shouldn't have to pay higher taxes." And I respect that opinion; I respect that view. But the truth of the matter is, is that we've got to get over this notion that somehow we can have something for nothing, because that's part of how we got into the deficits and the debt that we're in, in the first place.

When the previous administration passed the prescription drug bill, that was something that a lot of seniors needed, right? They needed prescription drug help. The price tag on that was hundreds of billions of dollars. You know how we paid for it? We didn't. It just got added on to the deficit and the debt.

So it amuses me sometimes when I hear some of the opponents of health care reform on the other side of the aisle or on these cable shows yelling about how we can't afford this, when Max and I are actually proposing to pay for it, and they passed something that they didn't pay for at all and left for future generations to have to pay in terms of debt. That doesn't make sense to me.

All right, can I say this, though? Randy, I appreciate your question, the respectful way you asked it, and by the way, I believe in the Constitution too. So thank you very much. Appreciate it.

All right, right there in the green in the back there. Yes, that's you.

Continuation of Health Care Coverage/COBRA/Health Care Reform

Q. Thanks. Okay, so when funding dried up last fall due to the economic downturn, I lost my job at a nonprofit helping struggling teens. And I'd like to thank you because, because of your stimulus funding to community health clinics, I now have a new job helping people who are—[*applause*]——

The President. That's great.

Q. ——mostly uninsured people with mental health. I'm a therapist. My name's Evan Rick, by the way.

The President. That's great.

Q. So I wanted to thank you for that. But there was a gap in there where I lost my insurance in between losing my job at the nonprofit and my current job. And I'd like to ask you how you will help people with that gap when they're unemployed.

The President. Well, first of all, the recovery package, the stimulus helped people precisely with that gap when we said we'll cover 65 percent of the cost of COBRA. How many people

here have been on COBRA or tried to get on COBRA? All right, so just for those of you who aren't familiar with it, if you lose your job, under Federal law you're able to access something called COBRA which allows you to pay the premiums for the health care insurance that you had until you find your next job. Sounds like a good deal.

Here's the only problem, as I said before, most of us don't realize how much our insurance costs our employers because we're not seeing the actual bill that's being paid mostly by our employers. So when we lose a job, suddenly we get this bill for a thousand dollars or $1,200 or $1,500 a month, and that's absolutely the worst time for you to have to come up with that money, is when you've lost your job.

So what we did was, let's—we said because this is such a extraordinary crisis, let's pick up 65 percent of that temporarily so that the huge numbers of people who've lost their jobs because of this financial downturn, they get a little bit more of a cushion.

Now, that was the initial help that we wanted to do to provide that bridge. When we pass health reform, you are going to be in a position where, first of all, you will be able to have selected a plan that you can carry with you whether you've lost your job or not, and depending on your income levels, you will also be qualified for a tax credit that will help you pay and continue your coverage even if you've lost your job.

And for a lot of people, this is especially important for a lot of people who are self-employed because increasingly, you know, if you're a consultant, you're somebody who's opened up your own shop, a little mom-and-pop store somewhere, you are the people who have the toughest time getting insurance because you just don't have enough employees for the insurance companies to take you seriously.

That's why what we want to do is create an exchange, it's like a marketplace, where you can go and choose from a menu of different options, different kinds of plans that you think might be right for you. And one of the options that's being debated is, should there be a public option, all right? And I want to just explain this briefly, because this is where the whole myth of a Government takeover of health care comes from. And not everybody—not even every Democrat—agrees on the public option, but I just want at least people to be informed about what the debate is about.

The idea is, if you go to that marketplace and you're choosing from a bunch of different options, should one of the options be a Government-run plan that still charges you premiums? You still have to pay for it just like private insurance, but Government would not—this Government option would not have the same profit motive. It would be, obviously, like a non-for-profit. It would have potentially lower overhead, so it might be able to give you a better deal, should you be able to choose from that option among many others. That's what the debate is about.

Now, what the opponents of a public option will argue is, you can't have a level playing field; if Government gets into the business of providing health insurance, they will drive private insurers out of the health insurance market. That's the argument that's made. And I—that is a legitimate—it's a fair concern, especially if the public option was being subsidized by taxpayers, right? I mean, if they didn't—if they could just keep on losing money and still stay in business, after a while they would run everybody else out. And that's why any discussion of a public option has said that it's got to pay for itself, it's not subsidized by private insurers.

The only point I want to make about this is whether you're for or against a public option, just understand that the public option is not a Government takeover of health insurance.

Everybody here who still has—who has currently private insurance, you would more than likely still be on your private insurance plan. Employers wouldn't stop suddenly providing health insurance. So that is where this idea of Government-run health care came from. It is not an accurate portrayal of the debate that's going on in Washington right now. All right?

It's a gentleman's turn. This gentleman right there—right there, yes. Yes, sir.

Health Care Providers/Paying for Health Care Reform

Q. Thank you. Given the—your comments regarding the public option, I would like, if you could, to comment on the following—and also welcome, thank you. And I believe in reform as well. I've learned that Medicare pays about 94 percent of hospital cost. And I've learned that Medicaid pays about 84 percent of hospital cost. And I've learned this from a reputable source, my brother who is a chief administrative officer at a large hospital group. He also explains to me, when I communicate with him, that private insurers—his hospital collects about 135 percent of cost from private insurers, and that makes up the difference. So if public option is out there, will it pay for its way, or will be underfunded like Medicare and Medicaid? Thank you.

The President. It's a great question, and I'll try to be succinct on this. This is a complicated area. Anybody who has ever gotten a bill from a hospital knows it's a complicated area. But here's the short answer. I believe that Medicare should—Medicare and Medicaid should not be obtaining savings just by squeezing providers.

Now, in some cases, we should change the delivery system, so that providers have a better incentive to provide smarter care, right? So that they're treating the illness instead of just how many tests are done, or how many MRIs are done, or what have you—let's pay for are you curing the patient. But that's different from simply saying, you know what, we need to save some money, so let's cut payments to doctors by 10 percent and see how that works out. Because that's where you do end up having the effect that you're talking about. If they're only collecting 80 cents on the dollar, they've got to make that up somewhere, and they end up getting it from people who have private insurance.

This is true, also, by the way, of emergency room care. Each of us spend—even though we don't know it; our employer pays for it so we don't notice it on our tab—each of us spend about a thousand dollars per family, maybe $900 per family, paying for uncompensated care, people without health insurance going in, getting fixed up. That money comes from somewhere. Well, it comes from you. You just don't see it on your bill.

And so if we can help provide coverage to people so that they're getting regular primary care, and they're not going to the emergency room, we will obtain some savings and that's partly—going to Randy's earlier question—that's partly how we'll end up paying for giving people health insurance, because we're already paying for it right now, we just don't notice it. We are paying for it in uncompensated care that is subsidized by the rest of us who have health insurance.

All right. I think this is the signal that I only have a few more questions. I'm going to take two more questions. If I'm in Montana, I got to call on somebody with a cowboy hat. [*Laughter*] Absolutely. You've got a little plaque on there—is it the——

Q. Montana Ambassadors—we're a business advisory group appointed by the Governor. We've served three Republican and two Democratic Governors, and I'd like to welcome you on behalf of the Montana Ambassadors to Montana.

The President. Thank you so much. Well, you make a great ambassador.

Q. Thank you.

The President. Absolutely.

Small-Business Owners/Health Care Coverage

Q. My question—and I'm glad you called on me—it has to do with the COBRA question, because I'm in the building materials business; I own a lumberyard in a beautiful little town of a thousand people about 40 miles southwest of here, Ennis. And I was—when the economy took a nosedive, I was forced to take my workforce from 11 people to 6. And I'm one of—like most employers in America, I want to, you know, provide—I think it's my responsibility to provide health insurance; you know, we like to take care of our peeps, so to speak. [*Laughter*] And so I went on——

The President. Is that a Montana phrase, "peeps"? [*Laughter*]

Q. And so I went searching for replacement coverage for the employees that have been laid off, only to find out that COBRA doesn't apply to me because I have less than 20 employees. And that conservatively affects 80 percent of all workers in Montana.

So they were pretty much out on their own, and I was wondering if—what we can do to eliminate discrimination against small employers. As an example, we're a lumberyard. We're out there lifting boards and packing stuff all day long. Every one of my remaining seven employees are fit. So why are we, and I as an employer, able to provide a lesser level of benefits to my employees, and yet an employer with 30 employees who sit in cubicles on their butts instead of working them off—[*laughter*]—gets a better rate?

The President. Well, that's a pretty good question. So for all of you who are all sitting on your—what did you call them? [*Laughter*] No, as I said, small business is probably as vulnerable as anybody. And one of the things that Max has been working very hard on—and this just doesn't get advertised, so I just want to make sure everybody is paying attention here—one of the things that we're trying to do is give a substantial subsidy to help small businesses allow their employees to get health insurance, because there are a lot of employers just like you who want to do the right thing, but they're a small shop, they're operating on small margins, they've got no leverage with the insurance companies.

So there are two ways we want to help. Number one, we want the small business to be able to buy into the exchange. That allows you then to use the purchasing power of everybody who is in the exchange to get the best rates from the insurance companies. That right away would drive down the premiums that you'd have to pay.

And the second thing we want to do is for employers who are doing the right thing and providing health insurance that is real, then we want to give you a tax break so that it's easier for you to make your bottom line.

Now, this is something that a lot of small businesses would benefit from. Nobody is talking about it. And since small businesses are the place where you're seeing the fastest job growth, it makes sense for us to provide this kind of protection. This, I guarantee you, will be—end up being an important component of whatever we pass out of Washington. All right?

I've only got time for one more question, and it's a guy's turn, and I want somebody who's got a concern or is skeptical about health care reform. Here we go, there we go. I knew we

could find a couple here. So I'll call on this gentleman right here in the pale blue shirt, now—and hopefully, that list is not too long. All right, go ahead. Introduce yourself, though.

Health Insurance Providers/Health Care Reform

Q. My name is Mark Montgomery. I'm from Helena, Montana.

The President. Great to see you, Mark.

Q. All right. I appreciate you coming here. It's great to be able to do this.

The President. Thank you.

Q. Mr. President, I make a living selling individual health insurance. [*Laughter*] Okay. Obviously, I've paid very close attention to this insurance debate. As you know, the health insurance companies are in favor of health care reform and have a number of very good proposals before Congress to work with Government to provide insurance for the uninsured and cover individuals with preexisting conditions. Why is it that you've changed your strategy from talking about health care reform to health insurance reform and decided to vilify the insurance companies?

The President. Okay, that's a fair question, that's a fair question. First of all, you are absolutely right that the insurance companies, in some cases, have been constructive. So I'll give you a particular example. Aetna has been trying to work with us in dealing with some of this preexisting conditions stuff. And that's absolutely true. And there are other companies who have done the same.

Now, I want to just be honest with you, and I think Max will testify, that in some cases what we've seen is also funding in opposition by some other insurance companies to any kind of reform proposals. So my intent is not to vilify insurance companies. If I was vilifying them, what we would be doing would be to say that private insurance has no place in the health care market, and some people believe that. I don't believe that. Right. What I've said is let's work with the existing system. We've got private insurers out there. But what we do have to make sure of is that certain practices that are very tough on people, that those practices change.

Now, one point I want to make about insurance: Some of the reforms that we want for the insurance market are very hard to achieve, unless we've got everybody covered. This is the reason the insurance companies are willing to support reform, because their attitude is if we can't exclude people for preexisting conditions, for example, if we can't cherry-pick the healthy folks from the not-so-healthy folks, well, that means that we're taking on more people with more expensive care. What's in it for us? The answer is if they've got more customers, then they're willing to make sure that they are eliminating some of these practices. If they've got fewer customers, they're less willing to do it.

So it's important for people—when people ask me sometimes, why don't you just do the insurance reform stuff and not expand coverage for more people, my answer is I can't do the insurance reform stuff by itself. The only way that we can change some of the insurance practices that are helping—hurting people now is to make sure that everybody is covered and everybody has got a stake in it, and then the insurance companies are able and willing to make some of these changes that will help people who have insurance right now. But thank you for the question. I appreciate it.

All right. I'm going to—even though I shouldn't do this, I'm going to take one more question. My team always—and I'm going to call on this person right here to get the last word. Right here.

Q. Thank you.

The President. Go ahead.

Q. Thank you, Mr. President, and thank you for coming to Bozeman and bringing your beautiful family to the last best place in the world.

Because you're a constitutional scholar, I think it would be terrible to let you escape from Montana without sharing with you the most perfect preamble to a constitution of any State constitution.

The President. Oh, okay. Well, I'd like to—I want to hear this. This is a good way to end our town hall.

Q. It is. It is. "We the people of Montana, grateful to God for the quiet beauty of our State, the grandeur of our mountains, the vastness of our rolling plains, and desiring to improve the quality of life, the quality of opportunity and to secure the blessings of liberty for this and future generations do ordain and establish this constitution." I hope you take a look at the whole constitution. You'll like it. Thank you.

The President. Well, that's very nice. Well, thank you. Listen, Montana, you've been terrific. I hope this has been informative. Thank you for the questions. Let's get to work. Thank you.

NOTE: The President spoke at 12:05 p.m. at Gallatin Field Airport. In his remarks, he referred to cancer survivor Katie Gibson, who introduced the President, and her husband Scott Bischke.

Categories: Addresses and Remarks : Health care reform :: Belgrade, MT.

Locations: Belgrade, MT.

Names: Baucus, Max S.; Bischke, Scott; Bohlinger, John; Gibson, Katie; Jacobson, Kaaren; Landry, Sarah; Montgomery, Mark; Nelson, Russell C.; Obama, Malia; Obama, Michelle; Obama, Natasha "Sasha"; Rathie, Randy; Salazar, Kenneth L.; Schweitzer, Brian; Schweitzer, Nancy; Tester, Jon; Wilder, Carol.

Subjects: AARP; Budget, Federal : Deficit; Budget, Federal : Government programs, spending reductions; Budget, Federal : National debt; Business and industry : Small and minority businesses; Colorado : President's visits; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Employment and unemployment : Job losses; Employment and unemployment : Unemployment insurance; Employment and unemployment : Unemployment rate; Health and medical care : Cost control reforms; Health and medical care : Employer-based health insurance coverage; Health and medical care : Health insurance exchange, proposed; Health and medical care : Health insurance, protection of coverage; Health and medical care : Hospitals :: Medicare and Medicaid reimbursement; Health and medical care : Hospitals :: Reimbursement for treatment of uninsured patients; Health and medical care : Insurance coverage and access to providers; Health and medical care : Medicare Advantage Plans, elimination of overpayments; Health and medical care : Medicare and Medicaid; Health and medical care : Prescription drugs, purchasing efficiency; Health and medical care :

Preventive care and public health programs; Health and medical care : Seniors, prescription drug benefits; Interior, Department of the : Secretary; Medical Association, American; Montana : Governor; Montana : Lieutenant Governor; Montana : President's visit; New Hampshire : President's visit; Nurses Association, American; Small Business Administration : Loan guarantee facility; Taxation : Charitable donations, deductions; Taxation : Itemized deductions, proposed limits; Taxation : Tax relief; Transportation : Highway system, modernization efforts.

DCPD Number: DCPD200900647.