

Chairwoman Jo Ann Davis
Subcommittee on Civil Service and Agency Organization
“Making Health Care More Affordable:
Extending Premium Conversion to Federal Retirees”
Opening Statement
July 9, 2003

This hearing represents an important step in our efforts to extend premium conversion, or the ability to pay for health care premiums with pre-tax money, to federal retirees, military retirees and active duty military personnel. This is a benefit that is widely available in the private sector, and has been available to executive branch federal employees since October 2000.

This is a matter of equity. The federal government has a long history of treating our active employees and retirees the same – they have access to the same health care, why shouldn't they have the same ability to pay their premiums with before tax dollars? And why shouldn't our military personnel be able to do the same for their Tricare programs?

This is also a matter of fairness. Health care premiums are skyrocketing for everyone, of course, but no one feels this pressure more than people on a fixed income. The average federal pension check is less than \$1,900 per month. Last year's federal cost-of-living increase was just 1.4 percent. Over the last six years, premiums in the Federal Employees Health Benefits Plans have jumped at least 8 percent a year, almost completely off-setting the small COLA increases.

I am honored to be an original co-sponsor of H.R. 1231, the legislation that would extend premium conversion to the entire federal family. In past years, this proposal has died an anonymous death because it was not referred here but to the Ways and Means Committee, which never gave it serious consideration. This year, Chairman Tom Davis, the House bill's sponsor – who is with us here today as our first witness – and Senator John Warner, the chief sponsor on the other side of the Capitol, crafted the legislation in such a way as to ensure a joint referral to the Government Reform Committee. This enables us to hold this hearing today, and to shed some light on this critical subject.

Congress recognizes the burden Americans face due to the rising cost of health care. Already this year, we have taken a bold step in adding a prescription drug benefit to Medicare. And just yesterday, many of us went to the floor to ensure passage of legislation that holds federal retirees harmless when this new drug benefit goes into effect. It is only appropriate that we now turn our attention to the issue of premium conversion for the entire federal family as the next step in our efforts. Thank you.

#####