

Committee on Ways and Means

Press Themes

Hearing on Economic Challenges

- This hearing is on an extremely broad topic. One of the specific issues affecting the middle class we can focus on is the rapidly rising cost of health care, and what it illustrates about the larger reforms we need.
- The employer-based health insurance model is showing serious signs of strain. We must adopt better ways of organizing our health insurance system, so that potential increases in middle class wages are not siphoned off by ever-higher health costs.
- Though American workers often fail to realize it, the “free” health coverage they receive from employers has real and substantial costs - generally in the form of lost wages or other benefits. And by hiding costs from workers, this system encourages runaway inflation in healthcare, putting further strain on the employer-based system. The current tax code is clearly part of the problem, because it provides large subsidies to employer-sponsored plans, but practically nothing for those in the individual market.
- The situation is similar when it comes to our retirement system. Rigid pension plans linked to a single employer are less responsive to the needs of today’s workforce than defined-contribution plans and other savings plans controlled by individuals. In addition, our entitlement programs, including Social Security and Medicare, face long-term financing challenges that must be addressed sooner rather than later.
- Many features of our tax code and other laws were designed for the America of half a century ago, not the America of today. We need to reform the code and other laws and address our nation’s long-term fiscal challenges so that we are ready to meet the challenges of the modern 21st-century economy.