



News from Frank Pallone, Jr.

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PALLONE STATEMENT AT HEALTH REFORM HEARING ON DESIGNING A HIGH PERFORMING HEALTHCARE SYSTEM

Washington, D.C. --- U.S. Rep. Frank Pallone, Jr. (D-NJ), Chairman of the House Energy and Commerce Subcommittee on Health, gave the following opening statement this morning at the first of a series of hearings focused on making health care work for American families. Today's hearing addresses the need to design a high performing healthcare system.

"Good morning. Today, the Subcommittee is holding the first in a series of hearings entitled 'Making Health Care Work for American Families.' These hearings will help us better understand issues important to the health care reform debate, such as: quality, cost, coverage and prevention.

"Today, we are focusing on how to design a high performing healthcare system, which implies that our current system is underperforming. Indeed, as it is presently structured, the US health care system is incapable of consistently providing access to quality and affordable care to every American.

"A large part of this failure can be attributed to our nation's growing uninsured population. According to a new report on the uninsured by the Institute of Medicine, who we will hear from later today, 47.5 million Americans, or an estimated 17.2 percent of the non-elderly population, went without health insurance in 2007.

"As we move forward with health care reform, we must understand that our failure to insure 47 million Americans has significant consequences for the health system as a whole. Our nation's growing uninsured crisis impacts us all regardless of our own insurance status. If we are to design a high performing health care system, the foundation of such a system has to ensure access to quality and affordable coverage for every American.

"But the problems we face with our health care system go beyond coverage issues. Our healthcare system is woefully disorganized; so much so, it's hard to characterize it as a 'system' at all.

"There is virtually no coordination of care among providers. Patients are often handed off from one provider to another. In the process, information is lost, inappropriate treatments or tests are ordered and medical errors occur. This is particularly a problem when it comes to patients who suffer from chronic conditions and are under the care of multiple providers at any given time.

"Researchers have suggested that part of the problem stems from the fragmented way in which we finance the delivery of health care services. We pay providers based on volume, regardless of the quality of the care or service provided and regardless of the outcomes. Furthermore, there is little incentive for providers to follow up with a patient after they have provided treatment, or to coordinate care among multiple providers or between different health care settings.

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"What has this disorganization created? The United States spends more on health care per person than any other industrialized nation, and yet, we do not enjoy better health outcomes by almost any measure. And within the United States, there are vast disparities in how health care is delivered among different communities. Clearly we are not getting the most value out of our health care dollars.

"The erratic and chaotic manner in which our health system is organized cannot continue. We need to find a way to reorganize the health care delivery system in a way that improves quality and efficiency, thereby driving down costs.

"There are a number of options on the table. For example, the President's budget contains specific proposals that would change the way Medicare pays for and delivers health care, including:

- reducing readmission rates at hospitals;
- providing performance based payments for physicians that coordinate care for Medicare beneficiaries;
- and promoting coordinated care between acute and post-acute care settings through bundled payments.

"I am glad we have MedPAC here today, who has done work in many of these areas, as well as other areas like the medical home model. As Chairman Hackbarth notes in his testimony, Medicare can be a leader in reforming the healthcare delivery system but changes to the way Medicare delivers and pays for health care will only take us so far. We need fundamental change throughout the entire health care system in order to achieve our goals.

"For example, greater use of health information technology is an example of the systemic change we need. As more physicians are able to adopt and use HIT, we can facilitate greater communication among providers and thereby increase the coordination of care. By passing the Economic Recovery Act, we started the process of modernizing our health care system by investing \$19 billion in HIT.

"But not everything has to be as complicated as moving our health care system into the electronic era. There are simple changes will produce dramatic effects. For instance, I believe that by focusing more on primary care, coordinated care models, and prevention, we can achieve greater savings and efficiencies within our health care system.

"If we are successful in redesigning our health care system so that it performs better, there will be great rewards. Aside from the potential to improve health outcomes, a more efficient health care system that pays for quality services will help drive down costs for American families, businesses and the federal government, all of which are struggling with the escalating cost of health care. Indeed, health care reform is fiscal reform. We cannot restore the financial health of the nation and American families without tackling our broken health care system first. So, let's get started.

"Thank you. I will now recognize our Ranking Member, Mr. Deal for the purpose of making an opening statement."

