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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on "The Need to Move Beyond the SGR"
Subcommittee on Health
May 5, 2011

I would like to start by acknowledging – and welcoming – the bipartisan interest in addressing the ongoing problem Medicare has in providing stability to support patient access to doctors. Too often we have been forced to the edge of the brink only to scramble at the last minute to avoid drastic cuts that would jeopardize access to care for Medicare beneficiaries and the military families in TRICARE.

This is unacceptable – to our physicians, to their patients, and to Medicare. We have to find a better way.

Whatever virtues the SGR had when it was created 14 years ago, it's clear that they have vanished. Six times in the last two years the Congress has had to pass legislation blocking fee cuts of 21% or more. Cuts of that magnitude go to the very core of the program, and would threaten the ability of seniors and persons with disabilities to see their doctors.

Democrats in the last House of Representatives passed the only bill ever passed by either body that would permanently solve the SGR problem. It did not become law. That's why we repeatedly worked to pass short-term patches to block the SGR. But that is not the way to solve the problem. It is essential that we find another way to get this done.

But it is not enough to fill in the budgetary gap created by the SGR. We must work towards a new way of paying for care, for physicians and all providers, that encourages integrated care. We want patients to trust that their physicians are talking to each other, and talking to their pharmacy, hospital, and other providers, about how to take care of problems that exist – and to prevent problems before they even arise. We want to achieve all three of the goals Dr. Berwick talks about – improving care for individuals, improving care for populations, and reducing costs. Right now, the way we pay for care doesn't always support those goals.

The Affordable Care Act (ACA) makes major strides to improve the way Medicare deals with physicians and other providers. New care models are supported by the ACA, including accountable care organizations and medical homes. Value-based purchasing is pursued across

the continuum of providers in Medicare. And because we don't know what the payment system of the future looks like, the ACA opens the arena to innovative experimentation and cooperation with the private sector to identify the best pathways forward.

Many of the physician associations responding to our request for comments noted the Affordable Care Act's opportunities for innovation, and expressed a desire to pursue those opportunities in our effort to move beyond Medicare's current fee-for-service system.

I would like to thank the physician groups that submitted suggestions in response to my letter with Mr. Pallone, Mr. Pitts, and others. We received many thoughtful replies, and I appreciate the consideration that went into them.

I hope that this hearing will not focus narrowly on options that would shift our problems paying for the SGR onto beneficiaries. I note that we do not have any beneficiaries on this panel and so would like to ask unanimous consent to submit for the record a letter from the AARP and the Medicare Rights Center, commending the Committee's work on the SGR, but opposing proposals that would increase cost sharing under the guise of "private contracting."

I hope that this hearing will be the beginning of a process that will lead to a permanent solution to provide both stability and better care for Medicare beneficiaries.

I earnestly hope we can work together, on a bipartisan basis, to solve this issue this year.

I look forward to hearing from our witnesses today.