

Washington, D.C. – Congressman Wally Herger (R-CA), Chairman of the Ways & Means Health Subcommittee, held a hearing to examine alternatives to the current Medicare physician payment system. His opening remarks detailed the critical need to reform the physician payment system and warned of the devastating effects that physicians and patients would endure if Congress does not act. At the conclusion of the hearing, Herger reiterated his commitment to fundamental reform of Medicare to ensure that it is placed on a fiscally sustainable path for future generations. Herger's opening and closing remarks follow below:

Opening Remarks

"We are meeting today to hear from four individuals who have experience to share that will inform us as we consider how to reform Medicare payments to physicians. This is a priority for the Subcommittee as Medicare physician payment rates will be cut by nearly 30% on January 1st unless Congress acts.

"The flaws of Medicare's Sustainable Growth Rate are well-known to members of this subcommittee. Congress has repeatedly enacted legislation to avert scheduled rate cuts that have been called for under the SGR every year since 2003. Often times, this created a deeper hole for the following year and next year, with the scheduled 30% cut, is no different.

"These cuts could be devastating for patients and physicians, especially in rural areas like my Northern California district. Many physicians have warned they will have little choice but to stop participating in Medicare, leaving seniors without access to the medical care they need.

"Republicans and Democrats alike have kicked the can down the road long enough. We cannot continue to patch over this problem with short-term fixes of a few months or a year at a time. The uncertainty of Medicare payment policies is taking a toll on physicians. And with each passing year, the cost of a long-term solution grows larger. It is time that we work together to find a fiscally responsible solution to this problem.

"In addition, we need the physician and provider community to be willing participants in this endeavor to reform the SGR. Medicare spending is on an unsustainable path and we must find a better way.

"This is the first of what will be a series of hearings the subcommittee will hold on physician payment reform. It is my hope, that by starting early, we will arrive at a payment system overhaul that can pass the House.

"Today we will explore innovative delivery models that are taking place across the country. The

testimony we will hear shares a common theme: that coordinated care produces more efficient care with better outcomes at a lower cost; and that fee-for-service delivery systems encourage higher spending without regard to quality. I believe that the future of Medicare depends on a transition away from the fragmented fee-for-service system to a system where the incentives are aligned with better patient care not just more patient care. I am also open to hearing other ideas as we continue to explore alternatives to the SGR."

Closing Remarks

"I want to thank our witnesses for their testimony today. Your experiences with delivery models that have shown to improve care and reduce spending will be of great benefit as the subcommittee seeks to reform Medicare physician payments.

"Our work in this area has perhaps never been more important. As the Medicare Board of Trustees will report tomorrow, the current rate of growth in Medicare spending is unsustainable—the program will soon go bankrupt if changes are not made. There has been a vigorous debate over the future of Medicare in recent weeks. I, along with many of my colleagues on the Republican side, believe we ultimately need to bring competition and market forces into the Medicare program in order to reduce costs, which is in sharp contrast to the approach the President has proposed.

"Regardless of the outcome of the debate over Medicare's long-term future, we will continue to focus our efforts to finding the best way to fix the SGR."