

**Opening Statement**  
**Chairman Joe Pitts**  
**February 14, 2013 Hearing:**  
**“Data, measures and models; building a future**  
**Medicare physician payment system”**

The background and details of the topic of today’s hearing are well-known to physicians, to this Subcommittee, and to most health policy analysts.

The Sustainable Growth Rate, or SGR payment system, originated with the Balanced Budget Act of 1997. At the time, the intent of the of SGR physician payment system, placing controls on Medicare spending through global spending targets and fee cuts if the targets were exceeded, seemed like a reasonable thing to do. However, within a short time, it became apparent that this policy was flawed.

This Subcommittee has had previous hearings that have addressed the shortcomings of SGR, including the repeated threats to patient access to care and provider income, and the mounting costs of Congressional actions to override the scheduled fee cuts.

Congress has acted to override these statutory cuts on at least 15 occasions and the cost of these overrides has been staggering. The most recent one year override comes at a price of \$25.2 billion.

Furthermore, all the money spent on avoiding cuts to physicians fees has not gotten us any closer to a payment policy that will reimburse physicians for the value rather than the volume of services, will pay physicians and other providers fairly, and ensure access to high quality health care for all Medicare beneficiaries.

Today’s hearing is an attempt to move us closer to that goal.

This hearing will focus on three themes: data, measures and models.

In thinking about the proper payment policy, there seems to be fairly widespread agreement that certain elements are needed to build that system.

First of all, physicians, payers and other stakeholders need access to reliable data that can be used to improve the value of health care.

Appropriate measures also need to be developed on an ongoing basis to continually assess progress in improving the system.

In addition, as new and better payment and care delivery models are developed, they should be incorporated into the Medicare program.

The witnesses that are here today are well equipped to address these areas.

I would like to express my thanks to today’s witnesses who have taken time out of their busy schedules to share their expertise with the Subcommittee on this difficult problem which has confronted the Medicare system for more than a decade.