

**Rep. Joseph R. Pitts**  
**Opening Statement**  
**Energy and Commerce Subcommittee on Health Hearing**  
**“Reforming SGR: Prioritizing Quality in a Modernized Physician Payment System”**  
**June 5, 2013**

The Subcommittee will come to order.

The Chair will recognize himself for an opening statement.

On February 7 and April 3, 2013, the Energy and Commerce and Ways and Means Committee Republicans released three-phase outlines for permanently repealing the Sustainable Growth Rate (SGR) and moving toward a Medicare reimbursement system that rewards quality over volume. Stakeholder feedback followed each release and has been integral to the development of this policy, culminating in the draft legislative framework released on May 28<sup>th</sup>.

This discussion draft took into account the conversations and work of the Energy and Commerce majority and minority staffs, as well as the long collaborative relationship we have had with the Ways and Means Committee.

It is also not a complete reform proposal. Rather, it was designed to be a partial release that allows for input from stakeholders and members of this committee.

Again, we are seeking substantive feedback on ways to complete this draft, and I would encourage all interested parties to submit their comments to the Committee by June 10<sup>th</sup>.

The Committee has sought to accomplish SGR reform through an open and transparent process, with consideration given to all relevant stakeholders.

To briefly summarize the draft legislation, Phase 1 repeals the SGR formula and provides a period of payment stability.

During this time, providers will work with the Secretary to identify quality goals and methods of measurement.

Phase 2 will build upon the work of Phase 1, tying quality measurement to fee for service payment. Provider input will be essential to defining quality medicine during Phases 1 and 2.

Any time throughout Phases 1 and 2, providers may voluntarily opt-out of fee-for-service by participating in an alternate payment model. These models will be flexible. Some exist today, such as medical homes; while new and innovative models may also be created and adopted.

Some specifics, such as the duration of payment stability or the methods of assessing providers on quality measures have intentionally been left open in our discussion draft. We look forward to input on these and other topics from today's witnesses and the stakeholder community at large, with the goal of achieving meaningful Medicare payment reform and designing the best possible system for patients and providers alike .

From the beginning of this process, there has been one clear goal: to remove the annual threat of looming provider cuts by permanently repealing the flawed SGR and replacing it with a system that incentivizes quality care, not simply volume of services. If we are to succeed in getting reform to the President's desk during this Congress, reform must be bipartisan and bicameral. It must also be fully offset and fiscally responsible. However, we are not making the mistake that has sidelined SGR in years past by having the pay-for discussion before we know what we are paying for.

The commitment to exploring bipartisan reform from Mr. Pallone and Mr. Waxman leaves me hopeful that bipartisan reform is indeed possible. In addition, our long standing and continuing relationship with Chairmen Camp and Brady from the Ways and Means committee underscores the commitment that the House has to reforming SGR this Congress. I look forward to working with all parties in the coming weeks and months with a goal of getting SGR reform to the President's desk.

I look forward to hearing the views and opinions of our witnesses today, and I would like to thank each of them for appearing before the Subcommittee.

Thank you, and I yield the balance of my time to Rep. \_\_\_\_\_.