

**Rep. Joseph R. Pitts**  
**Opening Statement**  
**Energy and Commerce Subcommittee on Health**

**Markup of Committee print to amend title XVIII of the Social Security Act to reform the sustainable growth rate and Medicare payment for physicians' services, and for other purposes**

**July 22&23, 2013**

The Subcommittee will come to order.

The Chair will recognize himself for an opening statement.

Created by the Balanced Budget Act of 1997, the Sustainable Growth Rate (SGR) is the formula through which Medicare reimburses physicians.

Since 2003, Congress has voted more than 15 times for temporary patches or “doc fixes” to avert ever-larger cuts to providers.

Absent Congressional action, providers are facing a reimbursement cut of approximately 25% on January 1, 2014.

The uncertainty of the SGR threatens doctors' ability to continue practicing medicine and accepting Medicare patients, and endangers seniors' access to care.

The time of temporary fixes and kicking the can down the road has ended. The bipartisan Committee Draft before us today permanently repeals the SGR and places us on a path to paying for innovation and quality, not volume of services, and puts doctors, not bureaucrats, back in charge of medicine.

It is the first meaningful reform policy to repeal the SGR since it was created and a product of over two years of work by this Committee.

In March 2011, Reps. Upton, Waxman, Barton, Dingell, Pallone, Burgess, and I sent letters to over fifty medical associations and societies, soliciting their thoughts and ideas on an SGR replacement.

Since then, this Subcommittee has held four hearings on what a new Medicare physician payment system should look like.

The Committee has also released four draft SGR proposals this year, each more detailed than the last, with a comment period after each to invite public reaction.

The Committee Draft before us today incorporates ideas and principles from the provider and patient communities, from Republicans and Democrats on the Committee, and from our physician colleagues in the Doctor Caucus.

It is not perfect, but I am proud to have my name on this document, along with Dr. Burgess, Rep. Pallone, Chairman Upton, Ranking Member Waxman, and Chairman Emeritus Dingell.

The bill removes the threat of the SGR.

At the same time, it decreases the administrative burden on providers by streamlining government programs that have been layered on top of them for over a decade, thereby giving them more time and ability to care for patients.

Finally, it ensures that Medicare recognizes the very best of medicine and the quality of our seniors' care increases because of it.

After permanently repealing the SGR, Phase I of this framework gives providers a 5 year period of transition in which they will receive a baseline inflationary update of 0.5% per year while the new Quality Update Incentive Program is developed and implemented.

In Phase II, beginning in 2019, providers will be eligible for a 1% update, on top of the inflationary update, based on their performance against quality measures and clinical practice improvement activities. The goal here is to take the best of medicine into the Medicare program and reward those who deliver it to seniors.

Providers will also now have the choice to leave the fee-for-service Medicare payment system at any time to participate in an alternative payment model.

While some of these models exist today, such as Accountable Care Organizations (ACOs) or medical homes, this framework is flexible enough to accommodate new and innovative payment models that arise in the future.

We have also ensured that care coordination will be reimbursed with new payment coding opportunities for providers and that Medicare data will be shared with providers and other entities so that we are continually improving quality and patient care.

Finally, we have included a bipartisan liability provision that protects both doctors and patients in any malpractice claim.

As we have with the previous drafts, we will continue to work to perfect this draft with public input as we move forward to full committee.

I want to thank my friends on the other side of the aisle for their vital contributions to this product and all the members of the Committee who have weighed in with their thoughts and suggestions.

I would also like to thank the entire Subcommittee staff for their excellent work on this issue, and to say a special thank you to Clay Alspach, Robert Horne, Steve Ferrara, Katie Novaria, the staff of Dr. Burgess, and former committee staffer John O'Shea. Without their tireless efforts, this would not have been possible.

I yield back.