



# News from Frank Pallone, Jr.

*New Jersey Congressman, Sixth District*



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## **PALLONE STATEMENT AT HEALTH REFORM HEARING ON SAVING MONEY, SAVING LIVES**

*Washington, D.C. --- U.S. Rep. Frank Pallone, Jr. (D-NJ), Chairman of the House Energy and Commerce Subcommittee on Health, gave the following opening statement this morning at the fifth in a series of hearings focused on making health care work for American families. Today's hearing addresses how to save money by improving quality and lowering costs.*

"Good morning and welcome to the final hearing in this series on 'Making Health Care Work for American Families.' Today, we will examine how to get more value out of our health care dollars by improving quality and lowering costs.

"Earlier this week, the Department of Health and Human Services issued a report on rising health care costs and the impact these costs are having on American families, businesses and the federal government.

"According to this report, the United States spent \$2.2 trillion on health care in 2007, or \$7,421 per person. This comes to 16.2% of the Gross Domestic Product (GDP), which is nearly twice the average of other developed nations. If health care costs continue to grow at their current rate, they will account for 25% of GDP in 2025 and 49% in 2082. Clearly, this level of health care spending is not sustainable.

"We need to figure out how to change the trajectory of health care costs. Bending the cost curve, even in the slightest degree, will help mitigate further growth and generate significant savings to our health care system. The difficult part is figuring out how. That is why we are here today.

"Part of the problem is how we pay for health care services. There is an old saying, 'you get what you pay for.' In this country, we pay for the **quantity** of health care services provided, not the **quality** of the service. So it should come as little surprise that as utilization rates increase, health care costs rise and quality suffers.

"But this isn't the story across the board. There is a lot of variation in the delivery of health care throughout our nation. In parts of the country certain health care services are seeing tremendous growth in utilization. Yet in other parts, there are concerns that patients aren't receiving enough of recommended care.

"We need to better understand what explains this variation and how it's impacting our healthcare system in terms of both cost and quality. Significant work has been done in this area by researchers at Dartmouth, including Dr. Jonathan Skinner, who we will hear from today.

"I think it's also important to note that these problems are prevalent throughout the healthcare system. A lot of people like to point to public programs, like Medicare and Medicaid, and use them as a scapegoat for health care costs run amuck. But the challenges we face with costs and quality aren't endemic to just public programs. Private insurers and employers must also begin to rethink the way they pay for health care services. Changes to Medicare payment policies can help drive that change.

"Finally, I want to mention that we will also be examining the role of transparency when it comes to the delivery and purchasing of health care services. This has been a priority for our Ranking Member, Mr. Deal. I agree that consumers have the right to know what they are paying for when they see a doctor or enter a hospital. But that right also extends to other areas, such as purchasing health care coverage.

"Finally, I think we need to be cognizant that transparency, while a good thing, has its limits. It's not realistic to expect transparency to be a panacea to controlling health care costs. Some, if not most, patients simply won't be in the position to use this information to "shop around" for the best health care.

"I want to thank our witnesses for being here today. I'm looking forward to your testimony and I now recognize Mr. Deal for 3 minutes for the purpose of making an opening statement."