

Chairman Dingell, Subcommittee on Health hearing entitled "Medicare Program Efficiency and Integrity"

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

SUBCOMMITTEE ON HEALTH
HEARING ENTITLED "MEDICARE PROGRAM EFFICIENCY AND INTEGRITY"
April 18, 2007

The Medicare program is the most successful social program of our time. It has, in the course of more than 40 years, reduced unmet health needs among seniors and people with disabilities and has, together with Social Security, lifted tens of millions of elderly out of poverty by virtue of helping with the cost of their medical care. Without question, the Medicare program is essential to the fabric of our society and must be protected and preserved.

Part of protecting and preserving Medicare involves ensuring accuracy and efficiency in its payments. As the Medicare Payment Advisory Commission notes, the program should be neutral in its payments to providers - encouraging the right care at the right time in the right setting. This means constant oversight on the part of both Congress and the Centers for Medicare and Medicaid Services (CMS). And that is part of our goal here today.

In this Fiscal Year alone, Medicare will spend more than \$425 billion on health care goods and services for its 44 million beneficiaries. Unfortunately, in a program of this size overpayments are inevitable. At today's hearing we will hear about fine tuning Medicare's payment systems to improve efficiency and modifications that can be made to protect the integrity of the program as well.

Overpayments, or misaligned payments, can have a direct effect on beneficiary out-of-pocket costs, as well. Whenever there is an increase in Part B spending, it automatically increases the Part B premium beneficiaries pay. Misaligned payments can also cause beneficiaries to pay more than necessary in coinsurance. And in the overall context of the Federal budget, inappropriately spent funding reduces funds available for other priorities.

Our goal should be to increase the efficiency of the Medicare program to ensure the future stability of the program. For example, we now know MedPAC that private plans in Medicare are paid an average of 12 percent more for every Medicare beneficiary that chooses to enroll in one of those plans rather than remaining in traditional Medicare. These excess payments are funded by taxpayers and all beneficiaries -- whether or not they enroll in private plans -- in the form of higher Medicare Part B premiums. These plans should be required to be operating more efficiently and I look forward to the MedPAC recommendations on this issue.

Similarly, providers who knowingly defraud the program should be identified and the Federal Government should work to recover overpayments from those providers and seek criminal charges if the case warrants.

Ensuring the efficiency and integrity of all of our public programs is among the top priorities of this Congress. That is the only way to ensure the continued existence and success of these programs. We in Congress want to work closely with those who advocate for beneficiaries and with those who represent the provider community, to protect Medicare fee-for-service for generations to come. I look forward to working with Chairman Pallone, as well as Ranking Members Barton

and Deal, as we proceed in our efforts to improve Medicare.

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