

Chairman Dingell at the Subcommittee on Health hearing entitled "Exploring Options for Improving the Medicare Physician Payment System"

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

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OF
THE HONORABLE JOHN D. DINGELL
SUBCOMMITTEE ON HEALTH
HEARING ON "EXPLORING OPTIONS FOR IMPROVING THE MEDICARE PHYSICIAN PAYMENT SYSTEM"
MARCH 6, 2007

I welcome Dr. Hackbarth, Chairman of the Medicare Payment Advisory Commission, here today. The Commission's work will be useful in informing our Committee's effort to reform and improve the Medicare physician payment system this year.

I also am pleased to welcome Bruce Steinwald from the Government Accountability Office and Dr. Fisher from Dartmouth University "who have thought greatly about the question at hand" along with the Dr. Thames from AARP who brings wise counsel and a beneficiary perspective to this discussion.

As we all know, physicians are facing a 10 percent cut in their Medicare payments in 2008 as well as continued reductions in later years. No one can operate a business in that environment. If your employer presented you with the prospect of a large pay cut for 10 years in a row, you would likely look for a new line of work.

More importantly, these payment reductions make running a quality healthcare practice difficult at best. At worst, they provide the wrong incentives for the kinds of care Medicare beneficiaries should receive.

Our goal should be to align payment incentives so that patients are getting the right care at the right times. While I am not an advocate of "pay for performance" systems, we do need to create the right incentives for providers to incorporate technology into the practice of medicine to improve care, outcomes, and efficiency. And through in all we must ensure the ultimate incentive remains delivering the care that is best for the patient.

The perplexing problem in reforming Medicare physician payments is what to do about identifying services that are growing inappropriately. Clearly the current system or global cap is not working. A variety of factors can cause appropriate service growth. For example, payment may not be aligned with the actual cost of providing the service. Providers may not be clear which treatments are most appropriate for the service to be provided. This indicates that it is a problem that will have to be addressed delicately, not with a hatchet.

One possibility that we will hear about today is comparing doctor practice patterns with their peers, and identifying and working collaboratively with those who "when adjusting for the relative health status of their patients" have practice patterns that fall far outside the norm.

Again, there are ways to do things like this correctly, and ways to do them that would cause harm to the patient. Clearly, we should avoid the latter. This is what we must flesh out in today's hearing and in future hearings and discussions on this matter.

Changes to the Medicare physician payment system are long overdue. We will work hand in hand with the provider community and beneficiary representatives to protect Medicare fee-for-service for generations to come. I anticipate working closely with Chairman Pallone, as well as Mr. Barton and Deal to craft a sensible solution to this problem.

Prepared by the Committee on Energy and Commerce
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