

ONE HUNDRED FOURTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
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**Statement of Ranking Member Frank Pallone, Jr.**  
**Committee on Energy and Commerce**  
**Subcommittee on Health Hearing**  
**“A Permanent Solution to the SGR: The Time Is Now”**  
**January 21, 2015**

I would like to thank the Chairman for ensuring the issue of a permanent solution to the SGR is at the forefront of this Congress' agenda. In addition, holding a hearing early in the session allows our new members an opportunity to review both the policy and congressional background on the SGR.

While I am very interested to hear from our two panels over the next two days, I strongly believe, and I hope the Chairman does too, that after this hearing - we should wait no longer to roll up our sleeves and get down to the work of ensuring the bipartisan, bicameral bill agreed to last year is enacted into law before the March 31st deadline.

We all agree on the policy. We all agree that bill is a good compromise. It also most notably has the support of both provider and beneficiary groups.

The question that has plagued us, of course, is offsets.

I believe that because the SGR is the result of a budget gimmick, and we have already spent \$169 billion paying to fix the problem, offsets, especially those within our health programs, are not necessary. And if we must include offsets – the war savings, which are known as the Overseas Contingency Operations (OCO) funds, could be used.

I know some on the other side of the aisle do not share this view.

What I do hope we can agree upon is that first, SGR shouldn't be paid for off the backs of the beneficiaries. Beneficiaries will already pay for their share of the cost of SGR repeal through higher premiums. And half of all beneficiaries live on less than \$23,500 per year.

And second, this is not the time or the place to introduce controversial Medicare structural reforms or changes. These proposals, like raising the eligibility age, raising the deductible or additional means testing should not be considered in a vacuum and will become poison pills that will thwart the bipartisan progress we have made on fixing the SGR problem.

Finally, if there is consensus offsets are required here, revenue should be on the table. It is shortsighted and arbitrary to cut health programs simply because a budget rule says so.

I am hopeful that this is the year we get SGR done. If we do, it will be a bipartisan victory for Medicare, physicians, and beneficiaries alike.