Senate Committee on Finance
U.S. Senator Orrin Hatch (R-UT), Ranking Member
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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING THE PROGRESS OF HEALTH CARE DELIVERY SYSTEM REFORMS

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, delivered the following opening statement at a committee hearing examining the progress of health care delivery system reforms in the nation:

I want to thank Senator Baucus for convening this timely and much needed hearing this morning.

Last week, Time Magazine ran a thought-provoking article. It was, in fact, the longest article in the publication's history. It was an exploration of the high cost of medical care in this country and what those costs mean for patients.

It was a fascinating article, and, it got me thinking.

Over the last five years, we've spent a lot of time here in Congress talking about health care. Obamacare was signed into law nearly three years ago and was supposed to make health care more affordable for patients and consumers. Now, Obamacare did a lot of things, but, as far as I can tell, it has done very little to address the biggest health-related concern that people have – the actual cost of care.

I hope that, at some point, we can take a serious look at the drivers of healthcare costs in the U.S. I think it would be well worth the committee's time.

Today, however, we are here for a different reason.

The Finance Committee held a hearing last year wherein we heard from providers and third-party payers in the private sector who have come together to do some interesting things to try to improve care while reducing costs. While I believe the private sector can and will make great strides in this area, we cannot forget that Medicare is the nation's largest healthcare payer. That being the case, if we're serious about reducing costs, our efforts to encourage innovation must include Medicare.

Now, I have been very clear about my opposition to Obamacare. My concerns about the adverse impact of this law on family premiums and our national health spending continue to grow with every passing day. However, the Chairman and I agree that healthcare providers and payers – of all shapes and sizes – need to work together to provide patients with higher-quality, better coordinated care.

According to the Medicare Payment Advisory Commission's most recent report, in 2010, individuals, government, and businesses spent a total of $2.6 trillion on health care.

Today, about 45 percent of all health care spending comes from government. And, in 2014 when the Medicaid expansions begin, that share will rise to 50 percent. The Congressional Budget Office projects that by 2021 – just eight years from now – spending on Medicare and Medicaid will grow to $1.6 trillion.

By virtue of its sheer size, Medicare has an important influence on the overall health care delivery in our country. Clearly, with the right policies in place, Medicare can be a driver of change. That being said, I also question whether the program can be as nimble as the private sector in making systemic improvements.

Mr. Blum, I hope that you will be able to reassure us that it can be.

As most health care providers will tell you, in addition to the rapid aging of our population, we have to contend with increasing number of patients with chronic illnesses, such as diabetes or heart disease. These patients are sicker and more expensive to treat. And, while providers are doing their best to manage these patients, often times, our health care system is not structured to allow care to be easily coordinated.

Currently, we have a system of isolated silos. Patients receive care in a variety of settings – doctors' offices, hospitals, nursing homes, etc. – and it's not uncommon for a healthcare provider to have an incomplete picture of a patient's overall care.

In addition, provider incentives created by potential malpractice liability and patient incentives created by insurance choice mechanisms are not well aligned to put the proper focus on better results and lower costs.

We can certainly continue to tinker around the edges of delivering care in new ways, but providers continue to tell me that fear of lawsuits still drives the volume of services. And, of course, our fee-for-service system provides little financial incentive to manage care properly.

When talking about delivery system reform, our goal should be to ensure that patients receive the right care, in the right place, at the right time. There is an appropriate role for both the private payers and the federal government to put pressure on providers to reduce costs and provide better care and better health outcomes.

Now, I know that Rome wasn't built in a day and big changes will take time, but I think we have to move beyond simply reporting what providers are doing to holding them more accountable for health care outcomes. In my own state of Utah, we are privileged to have some of the best, most efficient health care providers in the country. But not all providers are created equal. Much of our healthcare system is fragmented and often the right hand doesn't know what the left hand is doing. Unfortunately, the patient is caught in the middle with very little coordinated care.

I am anxious to hear from you, Mr. Blum, about any real progress CMS has made in moving towards greater care coordination. We know that many errors and costs can be avoided when providers focus on care transitions.

Lately, there has been a lot of attention paid to the flourish of activity coming from Center for Medicare and Medicaid Innovation, also known as CMMI. Like many of my colleagues, I remain concerned that CMMI has an enormous budget and very little accountability. I am hopeful that we'll hold another hearing this spring that focuses exclusively on CMMI and the results of the $10 billion in taxpayer money that was given to them to advance the cause of higher quality, lower costs, and more efficient care.

And so, Senator Baucus, thank you for convening this hearing today and I look forward to hearing from Mr. Blum. I am hopeful that he will have some good news to share with us on the progress CMS is making to help bend down the cost curve.

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