



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

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

I want to thank Chairman Baucus for convening today's hearing. Americans are looking for areas of agreement between our two parties on health care. I have been very clear about my opposition to Obamacare, the President's health care law. This deeply flawed law spends too much, taxes too much and does nothing to address the fundamental challenge of rising health care costs. However, the Chairman and I agree on the need for providers and payers to work together to provide higher-quality, better coordinated care to patients. Our witnesses this morning all have tried innovative methods to achieve that shared goal.

According to the Medicare Payment Advisory Commission's most recent report, last year Medicare spent over \$229 billion on inpatient hospital and post-acute care for Medicare beneficiaries. This represents 43 percent of total Medicare spending.

Meanwhile, the population of Medicare beneficiaries is exploding. Last year the first baby boomer became eligible for Medicare. By 2031, it is projected that 80 million people will be Medicare eligible. As these retirees enroll in Medicare, government spending will mushroom.

As most health care providers will tell you, in addition to an aging population, we face a growing 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, too often our health care system is not structured for easily coordinated care.

Currently, we have a system of silos. Patients are seen in a variety of settings — doctors' offices, hospitals, or nursing homes — and it is not uncommon for a health care

provider to have an incomplete picture of all the care a patient is receiving.

Furthermore, our fee-for-service system provides little financial incentive to manage care properly. Instead, the incentive is to increase the volume of services. Reducing costs will require that patients receive the right care, in the right place, at the right time. Increasingly, it is private payers — on behalf of employers — who pressure providers to reduce costs, providing better care and better health outcomes.

Patients deserve and demand better care. In my own state of Utah, we are privileged to have some of the nation's best, most efficient health care providers. But not all providers are created equal. Much of our health care system is fragmented, and often the right hand does not know what the left hand is doing. Unfortunately, the patient is caught in the middle with very little coordinated care. We know from our witnesses today, as well as other health care leaders that there is a needed focus on care transitions. Many errors can be avoided when health care providers keep this focus.

Of late, much attention has been focused on the Center for Medicare and Medicaid Innovation — CMMI — and the flourish of activity it has created. Like many of my colleagues, I remain concerned that CMMI has an enormous budget and very little accountability. It is more than a little ironic that an organization touting quick, innovative change and efficiency took over five months to respond to my request for very basic information on its strategic plan and an accounting of how it is spending \$10 billion of taxpayer money.

In addition to continued oversight of CMMI, I intend to ensure that the pilots and programs they develop actually work for our seniors. For example, when CMMI unveiled the Accountable Care Organization — or ACO — pilot, most providers felt it simply would not work, was unnecessarily burdensome, and did nothing to advance the cause of higher quality, lower cost, more efficient care.

Many of our witnesses today have very interesting stories to tell about how they are transforming care within their communities. They identified a problem, knew a solution was needed, and did not wait for the government to tell them how to best fix the problem. Innovations happen in every community and in all sizes, and no one knows better the needs of a community, than the caregivers on the ground. I know this is not easy and often takes years to develop, but I congratulate all of you for the great work that you are doing every day.

I look forward to hearing from our witnesses and learning about how others can hopefully adopt some of these great ideas and achieve positive results in their own communities.

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