



FOR IMMEDIATE RELEASE

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**Opening Statement of Senator Max Baucus (D-Mont.)
on Replacing the Medicare Sustainable Growth Rate**
As prepared for delivery

The American industrialist Henry Ford once said, "Most people spend more time and energy going around problems, than in trying to solve them."

The Medicare payment system for doctors is a testament to Ford's words. For more than a decade, Medicare has used a broken formula known as the sustainable growth rate, or SGR, to determine physician payments.

Since 2002, the SGR has threatened to make draconian cuts to physician payments – cuts that could cause seniors to lose access to their doctors. Every year, Congress has had to spend more time and money to pass temporary fixes.

Congress has spent \$150 billion on these temporary patches. That's more than the current cost of repealing the SGR. 2014 is no different. Doctors are facing a payment cut of nearly 24 percent.

Enough is enough. After a decade of Band-Aid solutions, it is time for this committee to act. I am proud to say that today we are taking the first step. Senator Hatch and I are bringing forth a bill that repeals the SGR, gives certainty to seniors and physicians, and improves the Medicare physician payment system to reward value over volume.

Our comprehensive bill reflects input we've received from the entire health care community. Over the past several years, we've heard from stakeholders at numerous roundtable discussions and hearings. Our counterparts in the House have engaged in a similar effort. As we began to develop our proposal, we realized that we all share the same goals: improve the fee-for-service system, reward value over volume, and encourage physicians to transition to alternative payment models, such as medical homes and accountable care organizations.

The House Energy and Commerce Committee acted first. In July, it unanimously approved a bipartisan bill to repeal and replace the SGR. Together with the House Ways and Means Committee, we built on that document to produce a bipartisan, bicameral proposal. We shared that proposal with the health care community in October, and we asked for their input. Our draft reflects the feedback we received in hundreds of letters and dozens of meetings.

The mark before us accomplishes four goals. First, it repeals the SGR and ties payments to quality and efficiency.

Second, it improves the fee-for-service system by streamlining Medicare's existing web of quality programs into one value-based performance program. It ensures accurate payments for services, and it encourages physicians to adopt proven practices.

Third, the mark incentivizes movement to alternative payment models. What does that mean? It means doctors and providers will focus more on coordination and prevention to improve quality and reduce costs.

Finally, the mark makes Medicare data more transparent. Patients will have access to the information they need to make informed choices. Doctors will use data to improve the care they deliver.

Dr. Michael Brown of the Montana Medical Association applauded the committee's work to repeal the SGR. He said, "This bill moves Medicare to a viable payment formula that will bring stability to physician practices and help maintain access for our senior citizens."

While it is critical to finally solve the SGR problem, it is just as important that we address other health policies that Congress extends temporarily, year after year. The mark addresses these so-called extenders. Much like with SGR, it's time to put an end to the cycle of relying on short-term fixes for long-term problems. Doctors and seniors need and deserve certainty, and our mark gives it to them.

This mark reflects hard work by both parties and both chambers of Congress. I especially want to thank Senator Hatch, and our Ways and Means colleagues Dave Camp and Sandy Levin, for their leadership on these issues.

Today, we are also considering important legislation to protect our nation's children.

The mark reauthorizes the adoption incentives program. In 2011, more than 400,000 children were living in foster care – 3,000 of them in my home state of Montana.

The mark provides funds to help strengthen struggling families, reunite foster children with loved ones, and give states greater flexibility to create new ways to support families.

The mark also takes action to protect America's youth from sex trafficking. According to the Department of Health and Human Services, children are the victims of sexual exploitation nearly 200,000 times a year in the U.S.

The mark makes state child welfare departments part of the solution by giving them greater power and legal authority to protect youth from sex trafficking. Current law blocks state child welfare departments from helping victims sold by someone other than a legal guardian. That makes no sense and must change.

Every witness at our hearing on sex trafficking in July told this committee that there are not enough safe housing options for victims. The mark addresses that crisis. It requires the identification of existing federal housing resources that can be repurposed for trafficking victims.

Lastly, the mark minimizes the red tape involved in creating and sharing best practices in serving victims of trafficking. It creates a Federal Advisory Committee to determine which policies protect kids and which don't.

That means state leaders will soon have a one-stop-shop where they can learn what other states are doing to combat trafficking.

Kids need everyone involved in their lives to be responsible for them – both financially and socially. The mark will also strengthen child support enforcement and help kids get the resources they need to grow and thrive.

A long list of my colleagues pitched in to build and strengthen this legislation: Senators Hatch, Wyden, Bennet, Brown, Cantwell, Casey, Cornyn, Grassley, Menendez, Portman, Rockefeller, and Stabenow. I want to thank them all for their hard work.

As Ford said, “Most people spend more time and energy going around problems than in trying to solve them.”

It’s time for us to stop going around problems. It’s time for us to tackle them head-on. So let’s get to work and pass these vital reforms for our nation’s doctors, seniors, and children.

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