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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING MEDICARE PHYSICIAN PAYMENTS

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining Medicare physician payments:

Last year, this committee held a productive series of roundtable discussions with key stakeholders on this very topic, which helped to set the stage for us to move forward with reform.

The Chairman and I agree that we must find a better way to pay physicians in Medicare. The SGR system is fundamentally flawed and must be repealed – we are committed to working together to do just that.

As it stands, unless Congress intervenes, Medicare physician payments will be reduced by 25 percent in 2014 due to the SGR formula. With such large cuts, physicians will quickly be unable to offer care to millions of seniors on Medicare.

Our seniors deserve better than to have government inaction threaten the availability of their care.

Due to the recent slowdown in overall health expenditures, the current cost of permanently repealing the SGR is down sharply from a previous Congressional Budget Office estimate of \$245 billion to less than \$150 billion.

However, we know from previous years that the CBO score has a tendency to fluctuate.

I believe we currently have a good window of opportunity before us. But, we must act soon.

We must provide a stable foundation for paying our physicians, now and in the future. If we fail to act, we run the risk of causing a physician shortage in the Medicare program that has

broad impact for beneficiaries.

This past Friday, the Chairman and I sent a letter to members of the health care provider community appealing to them for their input on how to improve the current system and help physicians transition to new payment models. This builds on the discussions we started last year.

As we await responses from the provider community, we have the privilege today to hear from our panel of expert witnesses and get their thoughts on the matter.

This issue is well-covered terrain.

We know this is not an easy task, but physicians and patients deserve better. We must find a more stable foundation to pay physicians treating Medicare patients. I believe if we identify the appropriate policy solutions, we can finally find a path to repeal the SGR.

Once again, I thank you, Chairman Baucus, for convening today's hearing and I look forward to hearing from our witnesses.

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