Senate Committee on Finance
U.S. Senator Orrin Hatch (R-UT), Ranking Member
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Hatch Statement at Finance Committee Hearing on Chronic Care

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 on chronic care:

Thank you, Mr. Chairman.

I am pleased that we are finally holding a health care hearing today. Frankly, I think this committee needs to hold more health care hearings.

We all know the implementation of Obamacare has come under intense scrutiny, and for good reason in my view. It is imperative that the Senate start exercising proper levels of oversight to determine whether or not the law is working as promised.

I don't say this out of politics or partisanship, but because patients, taxpayers, and policymakers deserve honest answers.

That said, today this committee has an opportunity to delve into the very important topic of chronic illness. This is one area that – if we choose to work together – I believe the committee can find real, bipartisan solutions that not only improve care coordination and lower overall health care costs, but also give complex patients better tools to more effectively navigate the health care system.

The Medicare Payment Advisory Commission has long said that fee-for-service Medicare creates silos – incentivizing providers to deliver more care, not necessarily higher quality, coordinated care.

The successful Medicare Advantage program does give patients the option to receive benefits from private plans that are incentivized to manage care across all settings. However, traditional Medicare fails to meaningfully encourage providers to engage in labor-intensive and time consuming patient care coordination.

Perhaps this is why, in 2013, Medicare Advantage enrollment increased by nine percent to 14.5 million patients. That number represents 28 percent of all Medicare enrollees. Even with these advances, today's health care system remains fragmented, and there is significant evidence that communication between providers is lacking, both in the Medicare program and in the private sector.

The Medicare Payment Advisory Commission estimates that Medicare patients with five or more chronic conditions see an average of 13 physicians and fill an average of 50 prescriptions each year. So it is no surprise that patients with high-cost chronic conditions routinely visit multiple specialists, often repeat medical histories and tests, receive inconsistent medical instructions, do not get help transitioning from one site of care to another, and use more expensive care settings when it may not be necessary.

Today one remarkably brave patient as well as a devoted and loving caregiver will share their personal stories with us.

Their testimony will show that the current health care system is not serving all patients well.

But there is hope.

We are also going to talk to a medical provider and an employer about the promising efforts underway to address the unique needs of chronic care patients.

I applaud these innovative approaches, but we all need to know that there are no easy answers.

Developing and implementing policies designed to improve disease management, streamline care coordination, improve quality, and reduce Medicare costs is a daunting challenge. Based on past experiences with the Medicare program in particular, there is still much more work to be done.

For more than a decade, the Centers for Medicare and Medicaid Services (CMS) has tried numerous demonstration programs to find out what does and does not work to improve care coordination for patients with chronic diseases.

These demonstration programs have, at best, shown mixed results.

According to the Congressional Budget Office, CMS has paid 34 programs in six major demonstrations to provide disease management or care coordination services in traditional Medicare. On average, these 34 programs had little to no effect on hospital admissions or Medicare spending.

In 2010, Obamacare created Accountable Care Organizations. ACOs allow certain providers to work together to coordinate and integrate Medicare services. These provider groups must meet specific quality standards in order to share in any savings they achieve for the Medicare program.

The ACO initiative is relatively new.

There is no definitive data to prove if ACOs actually improve quality, if they show any promise to save Medicare money, or if they are simply failing.

While the jury is still out on whether these ACOs will produce results, Obamacare also gave the Secretary of Health and Human Services broad authority to create and implement new Medicare pilot programs.

Through the Center for Medicare and Medicaid Innovation (CMMI), the Obama Administration is actively conducting care coordination programs in various Medicare settings. My hope is that the CMMI research will yield results.

As we all know, health care costs place enormous strain on the federal budget. By identifying cost-effective, data-driven ways to improve patient health, policymakers can better target scarce federal resources to get more value for the dollars spent.

U.S. health care spending grew 3.7 percent in 2012 – reaching $2.8 trillion or $8,915 per person. In fact, total U.S. health care spending consumes 17.2 percent of the nation's Gross Domestic Product (GDP).

Adding insult to injury, last year the Medicare Trustees issued a report showing the Part A Hospital Insurance trust fund deficit reached $23.8 billion and will be exhausted in 2026. Given the current fiscal reality, we have to find ways to provide high quality care at greater value and lower cost – all without adding to the deficit.

So I am glad we are holding this first hearing to understand the problem.

But we can't stop there.

I believe this must be the start of a long-term, transparent discussion with additional stakeholders including the Administration, CBO, MedPAC, and others, that will allow us to work together to identify solutions in an open and transparent way.

Again, thank you, Chairman Wyden, for holding this hearing today. I look forward to hearing from our panel of witnesses.

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