



FOR IMMEDIATE RELEASE
March 20, 2013

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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING THE ROLE OF THE NEW CMS INNOVATION CENTER

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 role and progress of the new Center for Medicare and Medicaid Innovation (CMMI) within the Center for Medicare and Medicaid Services (CMS):

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

It is no secret that, for many reasons, I did not support the President's health reform bill. Despite my long-time interest in reforming our nation's health care delivery system to reduce costs and improve quality, I was concerned with the creation of a new bureaucracy known as the Centers for Medicare and Medicaid Innovation (CMMI) and giving them \$10 billion in taxpayer funds with no strings attached.

We have now held two hearings in the committee where we have heard from the public and private sectors about interesting ways they are working to improve the delivery of care.

I, for one, wholly support the private sector working among payers, providers, and patients to come up with solutions that best fit their communities in order to achieve more efficient and higher quality results.

I have heard repeatedly from my Democratic colleagues that CMMI is tasked with letting "a thousand flowers bloom." What I really wonder is if this is simply a euphemism for *barely controlled chaos*.

Dr. Gilfillan (Gil-fill-an), I don't envy your job.

The administration expects you and your staff to overhaul the way health care is delivered in this country and to do it quickly so that people begin to believe their claims that Obamacare will save money. However, despite these claims, I am quite confident that

Obamacare will only increase the cost of health care in this country, and I believe the evidence overwhelmingly supports my position.

With that said, I do think there is merit to trying to change the delivery of care and to focus on greater coordination of care, reducing hospital admissions, and providing better outcomes to patients. I am concerned, though, that there is confusion and a clear lack focus at CMMI.

The Government Accountability Office (GAO) reported in November of last year that, while you have taken steps to coordinate with other offices at CMS, more work needs to be done to make coordination more systemic. It seems to me that CMMI would function best if it would pick a few initiatives – such as accountable care organizations (ACOs) or bundled payments – and really devote the time to those initiatives to make sure they actually work and have the intended consequences of lowering costs and increasing quality and efficiency.

Instead, I fear you are trying to do too much at one time.

Coordination among initiatives that have similar goals is something the GAO has highlighted as a concern.

For example, the Innovation Center's Partnership for Patients model and CMS's Quality Improvement program have a similar goal: to reduce the rate of preventable hospital acquired conditions and 30-day hospital readmissions. Both models contract with organizations to disseminate interventions to hospitals and perform virtually identical functions.

That sounds like something that could be consolidated.

I hope that CMMI takes the time to really study the impact of initiatives both while they are going on and at the end of demonstrations so that we know if they work – and how well they work – before the initiatives are offered to more providers and patients.

Since the GAO report indicated that, in most cases, it will be three to five years before CMMI and the taxpayers know if these initiatives achieve their anticipated savings, it is critical that they be reviewed to determine whether they meet their stated goals. As you know, in the past, the Congressional Budget Office has shown us that most demonstrations don't actually save the taxpayers any money.

Finally, I wanted to raise concerns about the number of high salary staff that are employed by CMMI.

In addition to spending billions on the CMMI projects, GAO noted that nearly half of the 184-plus members of the CMMI staff are paid at the highest levels of the federal pay scale, which stands in stark contrast to other areas within CMS. I have also heard that CMMI staffers have state-of-the-art workspaces, including very expensive treadmill desks.

In a post sequester world, where White House tours are being cancelled and Easter egg hunts are being threatened, you can imagine why American people would take a very cynical view about federal employees being furnished with thousand dollar treadmill desks.

The federal government absolutely cannot afford to pour money into things that don't work. Our priority must be very clear: we need to make government as efficient as possible.

We do not need bloated bureaucracies.

We do not need duplication of efforts.

We do not need an increased morass of regulation and platitudes.

And, we do not need taxpayer dollars being spent so that staff can work at treadmill desks.

What we do need is a clear strategic plan to improve quality and reduce costs.

We need specific goals with specific direction to achieve those goals.

We need the right people with expertise in these areas to develop targeted approaches that can be tried quickly, studied, and assessed for measures of success.

Dr. Gilfillan, you know that last year, I sent you a letter asking for an accounting of what your office has been working on, how much money had been spent, and, more importantly, how that money was spent. It took you more than six months to reply.

Let me repeat that again – six months.

This is entirely unacceptable.

I hope I will have your commitment today that this behavior will not be repeated and all members of this committee will be given timely and complete responses.

As you can see, I have a number of concerns that I hope can be addressed during today's hearing. I want to once again thank the Chairman for convening this hearing today and I look forward to a robust and informative discussion.

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