

COMMENTS FOR THE RECORD  
**House Committee on Ways and Means**  
**Subcommittee on Health**

**Representative Allyson Y. Schwartz**  
**Representative William Cassidy**

*Programs that Reward Physicians Who Deliver High Quality and Efficient Care*  
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As advocates for innovation in health care payment and delivery models, we appreciate the opportunity to submit comments for the record on these important issues. Our shared goals of improving health care quality and efficiency in the public and private sectors transcend political ideology. We look forward to working with our colleagues on both sides of the aisle to ensure patient access to high-quality, high-value care.

Payment reforms that reimburse providers on the basis of efficiency, quality and patient outcomes are essential to slowing the rate of growth in health care spending while ensuring access to services. Increasingly, providers are independently embracing the opportunity to pursue innovative changes to the way they deliver care effectively and improve patient outcomes while reducing costs. These ongoing activities in both the public and private sector have the potential to transform the health care delivery system and contain the rising growth of growth of costs.

We commend these pioneers in the health care industry for their achievements. We also recognize the unique challenges facing many providers across health care settings, specialties and geographic regions. Supporting the development and evaluation of models that can be replicated broadly will be essential to ensuring that anecdotal successes eventually reap benefits for providers and patients nationwide.

The prevailing fee-for-service model, as currently structured under Medicare, bases provider reimbursements on volume of services without respect to quality and value, which not only drives up costs but diminishes the importance of the physician-patient relationship across the continuum of care. It is time to move beyond an episodic approach to patient care by incentivizing care coordination across health care settings.

Initiatives like the patient-centered medical home will start us down a path to fiscal responsibility in health care spending by holding providers accountable for reducing costs through more coordinated care, improved quality, and better outcomes. The medical home has demonstrated success in lowering costs while improving quality. A study in *Health Affairs* found that:

- Medical home patients had 29 percent fewer emergency room visits
- 6 percent fewer hospitalizations
- For every \$1 it invested in the system, the system saved \$1.50 by keeping patients out of the ER and the hospital.
- Medical home patients reported better care experiences.

The medical home is not appropriate for every provider and should be one of a variety of delivery models. Reforms driven by public programs must provide flexibility by offering a choice of multiple options with various levels of risk and integration to ensure maximum participation and successful implementation of new payment models in diverse practice settings. Health care leaders on the ground can play a central role in determining the best options for integrating a community's health care delivery system to make it patient-centered and cost-effective.

While we are truly encouraged by the promise of transformative changes in our health care payment and delivery system, we cannot ignore the single most pernicious barrier to change: our failed Medicare physician payment system.

Real progress toward a quality-based, fiscally sound payment system cannot begin without eliminating the uncertainty and instability resulting from the flawed Sustainable Growth Rate (SGR) methodology.

For over ten years, this payment formula has consistently produced unrealistic expenditure targets, which subsequently triggered untenable reductions in Medicare physician payment rates. Year after year, Congress has buried the true cost of this failed policy through annual overrides of scheduled cuts and a false expectation that these cuts will eventually be made.

Failure to repeal the SGR and replace it with a meaningful payment mechanism for physicians prohibits the drive towards innovative delivery system reforms and leads physicians to cease or limit their participation in Medicare, which potentially limits access to care for millions of seniors. There is already evidence that this is occurring.

It is also fiscally irresponsible, as continued postponement makes addressing the SGR issue more expensive. If it is not repealed and replaced today, the cost of repeal doubles, increasing from \$300 billion to \$600B in only 5 years.

The ongoing dialogue on innovations in public and private health care programs in Washington and across the country is valuable and essential to shaping policy ideas for the future. But there is bipartisan action that Congress can and should take now.

It is time to permanently repeal the SGR and set out a clear path toward comprehensive reforms of Medicare payment and delivery systems.