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**Wyden Statement at Finance Committee Hearing on Stark Law**  
*As Prepared for Delivery*

The U.S., over the last few years, has seen the beginning of a major transformation in the way medical care is paid for. This country is moving away from an old system – fee for service – which opened the till for every visit, every test, and every procedure in a doctor’s office or hospital. Today the focus is on paying for the quality of care rather than the quantity – and getting more bang for the buck. Even though this sea change is in its early stages, already 30 percent of Medicare payments are going through the new system focused on value and efficiency. That number is only going to rise in the years ahead.

In my view, when you make this kind of transformational change in our health care system – which makes up one out of every six dollars in the American economy – you’re going to run into challenges. One of those potential challenges is the subject of today’s hearing.

There’s a question, in my judgement, as to how you balance two important priorities. On one hand, there’s a drive toward bringing doctors and specialists together, promoting coordination, and making health care more efficient whenever possible. On the other hand, there’s a longstanding protection that comes from what’s known as the Stark Law. It says that financial relationships between providers must not influence a patient’s medical care.

Some providers are concerned that parts of the Stark Law that date back years or even decades might be an impediment to treatment. For example, when fee-for-service was king, a jump in referrals from a doctor to a physical therapist would have raised red flags if they had financial ties. Today it’s common for doctors and physical therapists to work in the same medical practice or hospital system. And the science has demonstrated that physical therapy is often the right choice to keep a lifelong golfer with a bad shoulder or an older woman with a knee replacement healthy and out of the emergency room. That means that in this day and age, an uptick in referrals for physical therapy in one medical practice shouldn’t automatically be branded a violation of the Stark Law. When it comes down to it, every case is different.

In my judgement, those two important priorities – promoting coordination, and upholding the Stark Law – do not have to come into conflict. As long as there are clear guidelines around what’s fair game when it comes to patient referrals and the relationships between doctors, it will be possible to guarantee that patients are getting the care that’s right for them – not for somebody else’s pocketbook. In certain ways, it could be as simple as revisiting the rules that are already on the books.

I'm hopeful that the committee is able to have a productive, bipartisan discussion of these issues today. I want to thank our witnesses for being here, and I look forward to hearing your testimony.

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