



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley  
Hearing, "Improving Quality in Medicare: The Role of Value-Based Purchasing"  
Wednesday, July 27, 2005

Before we start the hearing, I wanted to take a minute to recognize four of our committee staffers who've achieved 20 years of service to the United States Senate. Kolan Davis, Staff Director and Chief Counsel, Ted Totman, Deputy Staff Director, Carla Martin, Chief Clerk and Mark Blair, Hearing Clerk. It's unusual for staff to meet this benchmark, especially since it's so easy to go out into the private sector and double their salary. It shows how dedicated they are to public service. We all owe them our gratitude.

Okay, let's get started. Today's hearing will focus on improving quality and value in the Medicare program. Everyone around here knows that I'm a stickler for getting the most out of every tax dollar spent. Right now, we're not achieving that in Medicare. The Sunday Washington Post article "Bad Practices Net Hospitals More Money" highlighted this issue. The article described the Medicare reimbursement system as being upside down. Hospitals and doctors who order unnecessary tests get more money than those who provide efficient, high quality medicine. You see, right now Medicare pays the same amount regardless of quality. And, as this article stated, it appears to actually reward poor quality care. Something is wrong when delivering low quality care leads to greater revenue for providers. It's the exact opposite of what we want and need for Medicare, taxpayers, and beneficiaries. Of course, our nation is blessed with millions of dedicated and qualified health care providers. These individuals care deeply about the quality of care they provide to their patients. What we have is a systemic failure of Medicare payment systems to reward quality, and to provide incentives to invest more in health care information technology. Until we pay providers more for providing better quality care we are not going to see the improvements we want.

The Institute of Medicine in its report "Crossing the Quality Chasm" set forth a broad strategy to improve quality. The IOM stated that – among other steps – we need to better align payment systems to promote quality and achieve greater value. The *Medicare Value Purchasing Act*, which Senator Baucus and I introduced, creates a framework for linking Medicare payments to quality. The MVP Act builds on small steps taken in the MMA. That legislation required hospitals to report ten quality measures in order to receive a full payment update. Now almost 99 percent of hospitals are reporting the data. And CMS is tracking improvements in quality among the participating hospitals. We also wanted to make sure that beneficiaries can view this quality information about their hospital or health care provider.

Finally, I want to recognize the progress the private sector has made in developing and adopting quality measures. There are several value-based purchasing projects under way around the country. Let me emphasize -- we don't want to reinvent the wheel. We want Medicare to learn from and build on these initiatives. Now some will ask why Medicare should take the lead. Medicare spent more than \$300 billion last year; it's the largest purchaser of health care in the nation. It's like that old E.F. Hutton commercial. We know from the past that when Medicare talks, the health care community listens. Senator Baucus and I believe that adopting quality payments in Medicare can – and will – influence the level of quality in all of health care, not just care for Medicare beneficiaries. In just a few days, Medicare will celebrate its fortieth anniversary – a tremendous milestone. It has positively affected the lives of millions of seniors and disabled citizens. We set a goal for ourselves forty years ago – to improve access to care. Providers and policy makers came together to make that goal a reality. It's time for a new goal – to ensure that Medicare beneficiaries and all Americans get the best possible care. And, that as a nation, we get the highest value for our health care dollars. The witnesses and their organizations here before us today will play a large role in accomplishing that goal, and I look forward to hearing their testimony.