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Remarks of Sen. Chuck Grassley  
Roundtable on Hospital Value-based Purchasing  
Thursday, March 6, 2008

I wanted to come by briefly to kick off this important roundtable on hospital value-based purchasing in Medicare, and to thank all of you for participating. I am impressed that such a wide range of stakeholders are present here. It shows a real interest and commitment to these important issues and it will help to make sure that we are on the right track. I value your input on how we can transform Medicare from being a mere passive health care payor of any quality to an active purchaser of high quality health care.

In June of 2005, Senator Baucus and I introduced the Medicare Value Purchasing Act. It was the first legislative effort to transform Medicare into a system that rewards high quality health care.

Our bill was inspired by the Institute of Medicine's 2001 report, *Crossing the Quality Chasm*. As we convene today, there have been so many that have jumped in and contributed to this work. Helping to lead the way, MedPAC has done tremendous work on value based-purchasing. And the American Hospital Association, the Association of American Medical Colleges, the Federation of American Hospitals, and Premier have worked hard to develop innovative and practical ways to reward quality.

And we have to recognize the efforts by Mark McClellan to champion value-based purchasing as Administrator of CMS. He is here today to continue his important contributions to the effort.

Really, everyone in this room has played an important role and I thank all of you for your contributions.

I would especially like to recognize the work by CMS for taking seriously our mandate in the Deficit Reduction Act to develop the Medicare hospital value-based purchasing implementation plan. It is quite evident the agency put serious thought and effort into coming up with this plan.

I particularly want to commend the work of Dr. Tom Valuck of CMS who has played a key role in the agency's work. I also would like to thank today's facilitator, John Iglehart. With your command of crucial issues on our health care system, I can't think of a better person to lead this important discussion.

Finally, I wouldn't be a good senator from Iowa if I didn't thank Marie Knedler from Mercy Hospital in Council Bluffs, Iowa. Mercy Hospital has been a participant in the CMS Hospital Quality Incentive Demonstration. This demonstration has been testing some of the concepts that will be discussed today such as awarding financial bonuses for high quality and publicly reporting quality data.

I am very pleased that Mercy Hospital is a success story in this demonstration. This demonstration program benefits Mercy, but more importantly, it benefits patients.

I also want to thank another Iowan, Dr. Carol Watson from Mercy Medical Center in Cedar Rapids, for being here as well. Dr. Watson is here in her capacity as president of the American Organization of Nurse Executives.

As you all know, the Budget Committee is currently marking up the Senate budget resolution. It's that time of the year when skyrocketing health care spending is at the forefront.

It's clear that we can't continue on this trajectory of spending. Value-based purchasing is one way to "bend" this long-term growth curve because it will mean concentrating taxpayer dollars on higher quality care and helping to weed out ineffective and lower quality health care from the system. And most importantly, through this effort, we are working to make sure that patients get the best possible care.

But we need your input to make sure we do it right. So I ask that you have an open mind during today's discussion and be candid in your statements. And again, thank you for being here today.