



For Immediate Release  
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**Opening Statement of Senator Max Baucus (D-Mont.)  
Regarding SFC Roundtable on Value-Based Purchasing**

The former New York Times restaurant critic Bryan Miller once wrote:

“The quality of food is in inverse proportion to a dining room’s altitude, especially atop bank and hotel buildings. Airplanes are an extreme example.”

If only quality in health care were so easy to measure!

Thank you all for coming here today to talk about quality in health care.

Sitting at this table are some of the Country’s top thinkers on health care policy. As Chairman of the Finance Committee, my job is to make sure that we bring in the highest quality thinkers when we develop policy.

Today’s topic is no exception. In general, America’s hospitals provide high quality care to our nation’s sick. It is their mission to diagnose, to treat, and to return patients to the community in good health. For the most part, they perform that mission quite well.

But we also know that hospitals — like other health care providers — deliver varying degrees of quality. At one extreme, as the IOM’s Quality Chasm series reported, medical errors lead to tens of thousands of deaths each year.

And analysis by Jack Wennberg and his Dartmouth colleagues found that health care expenditures vary dramatically throughout the country. And they found that high costs do not always mean high quality. Others have confirmed these challenges.

So what’s behind the inconsistency in health care quality? One possible answer is the incentives generated by payments for health services.

For most of its history, our health care system has paid providers based on the amount of services they rendered. Our health care system has not paid providers based on the health care outcomes achieved. We have paid for volume, not quality. Medicare is no exception.

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The challenge before us, then, is to examine how we might reform our payment system to align incentives with our health care objectives. Again to cite IOM, we should strive for a system that provides health care that's safe, effective, patient-centered, timely, efficient, and equitable.

And we should pay for services, at least in part, based on how well the care provided meets these objectives. We should pay for quality, not quantity.

CMS has now submitted to Congress a plan to implement a Medicare hospital value-based purchasing program. The CMS plan is an important step on our path to recognizing and rewarding high-quality care. I commend CMS on the report.

But much remains to be discussed, explored, and decided. Senator Grassley and I have developed a series of questions that we believe need to be answered before we can move forward with a value-based purchasing program.

These questions address the fundamental components of any program that seeks to measure performance and link incentives to quality. How should performance be measured? How should performance standards be set? How should payments be structured to better align the incentives hospitals have to achieve the health outcomes that we seek? And finally, how should such a program be implemented to ensure that it achieves the goals that we have set for it?

These are not easy questions. Value-based purchasing programs have demonstrated promise in improving quality. But much remains to be learned. And experts differ on how these programs should be designed.

So I look forward to a robust discussion this afternoon. I encourage all participants to be frank in their assessments. We are here to learn from you. We are here to identify areas of consensus, as well as divergence. Ultimately, we must strive to ensure that the manner in which Medicare pays for services encourages the delivery of the highest quality care. Our nation's seniors deserve nothing less.

And so I encourage folks to speak freely, seize the opportunities, and get done before supper. And, by the way, if you're looking for a snack, I hear that the quality of the food is pretty good in the basement.

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