

Opening Statement

Rep. Gene Green

Health Subcommittee Hearing: “A Permanent Solution to SGR: The Time is Now”

January 21, 2015

Thank you Mr. Chairman, and thank you to our witnesses for being here today.

Eliminating the Sustainable Growth Rate or “SGR” formula under Medicare would represent a major policy development.

It is critically important that Congress institute a reasonable, responsible payment policy for physicians, and reward value over volume.

The repeal and replace legislation negotiated last Congress marked an historic agreement between the House and Senate Committees of jurisdiction.

Together, a bipartisan bill was introduced to permanently repeal the SGR and replace it with a value-based system that provides stability for physicians and maintains beneficiary access.

Since 2003, Congress has enacted 17 patches to delay cuts to Medicare physician payments derived from the flawed SGR formula.

The total cost of these 17 patches has been \$169.5 billion. This amount exceeds the current cost of the bipartisan repeal-and-replace legislation developed last Congress.

The Congressional Budget Office projected the SGR fix would cost \$144 billion over 10 years.

Insisting SGR reform be fully offset is insincere, and a policy Republicans frequently abandon when it is politically convenient.

Just last week, the House passed a bill changing the definition of full-time employee from 30 hours per week to 40 hours.

It adds \$53 billion to the federal deficit over 10 years. Again, this bill was entirely unpaid for.

Responsible federal spending is important. However, offsetting the cost of SGR reform on the backs of beneficiaries is unacceptable.

Seniors already pay their fair share in Medicare. Half of all beneficiaries live on less than \$24,000 a year.

On average, health expenses account for 14 percent of Medicare household budgets.

This is nearly three times as much than non-Medicare households.

Most of the proposals for Medicare savings would increase what is already a substantial burden on beneficiaries, increasing out-of-pocket costs and limiting access to services.

It is important to note that the Medicare program is stronger than ever.

The 2014 Medicare Trustees Report estimates that the Medicare Part A Trust fund will now be solvent until 2030, four years longer than what was estimated in the 2013 Trustees Report.

This is in part because of reforms included in the Affordable Care Act.

Projected federal spending for Medicare and Medicaid has fallen by almost \$1 trillion since 2010.

When comparing the Congressional Budget Office's August 2010 and August 2014 baselines, Medicare spending this year will be about \$1,200 lower per-person than was expected in 2010.

Controlling costs alone without considering revenue is not a realistic approach to Medicare solvency and puts our nation's seniors at risk.

The flawed SGR formula has plagued our health care system for too long.

But, an SGR fix that harms Medicare beneficiaries because of an insistence on offsets that reduce benefits and limit access is not an acceptable trade off.

I urge my colleague to work together to enact long-overdue SGR reform and protect our nation's seniors.

I yield to the gentleman from California, Mr. Cardenas, for [1 minute].

I yield to the gentleman from Massachusetts, Mr. Kennedy, for [1 minute].