COMMITTEE ON ENERGY & COMMERCE
DEMOCRATS
RANKING MEMBER FRANK PALLONE, JR.

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Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
House Energy and Commerce Committee
Subcommittee on Health
Hearing on "Medicare Access and CHIP Reauthorization Act of 2015: Examining Implementation of Medicare Payment Reforms"

Good morning. Thank you Mr. Chairman for holding this important hearing today, and thank you Dr. Conway for being here and for all the important work you do at CMS.

We're here today to discuss one of the great bipartisan success stories of this Committee during this Congress, the Medicare Access and CHIP Reauthorization Act of 2015, also known as MACRA. Though it seems like just yesterday, it's already been nearly a year since MACRA passed the House with overwhelming bipartisan support.

The primary goal of MACRA was to resolve the issue of the sustainable growth rate (SGR), an issue that had haunted Congress for years. Created in 1997, the SGR tied the growth in Medicare physician payments to growth in Gross Domestic Product (GDP). However, it wasn't long before Congress realized that the SGR was far from sustainable. In order to avoid massive payment cuts to physicians in the Medicare program, Congress had to temporarily fix the flawed SGR nearly twenty times since it was enacted, and these constant "doc fixes" came at a high price. Since 2002, Congress spent more than $170 billion on these short-term fixes. But none of these short-term patches did anything to fix the underlying issue—the fee-for-service system was broken. Incentives were misaligned. Medicare was rewarding volume over value. Quantity over quality.

That's why I'm so incredibly proud that this body was able to work together last year to finally come up with a solution that both repealed the SGR and put our health care financing system on a path towards rewarding value over volume. Quality over quantity.

MACRA put in place a dual track system for providers. Providers who choose to remain in fee-for-service are able to do so. Instead of the patchwork of quality reporting systems that

providers currently use, they will instead use the Merit-Based Incentive Payment System or MIPS. MIPS will streamline quality reporting for providers and incentivize high-quality efficient care. Providers can also choose to use Alternative Payment Models or APMs. APMs have proven to increase quality and lower costs. Providers who receive a significant portion of their revenue from APMs will be eligible for a five percent bonus. I am especially interested in the potential for telemedicine in the new system—both as a clinical practice improvement activity in MIPS and as part of alternative payment models.

While I am so proud that our committee was such an integral part of the passage of this historic bipartisan bill, I know that our work isn't done here. That's why I'm pleased that we are holding this hearing today to check in on the administration's implementation of this law and assess what steps we should take to build on its success.

Thank you, I look forward to today's discussion.

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