



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Improving Health Care Quality**

Aldous Huxley once cynically wrote: "The quality of moral behavior varies in inverse ratio to the number of human beings involved."

Today, we focus on the quality of health care. And even though a lot of human beings are involved, we'll look for ways to improve its quality.

As we have been exploring ways to improve the healthcare system, we have been hearing about a three-pronged approach: controlling healthcare costs, expanding access to care, and improving quality.

Over the last few months, the Finance Committee has held a series of hearings on health reform. Previous hearings have explored ways to control healthcare costs and ways to expand access to care.

And before the end of this month, we will hold two more health reform hearings.

Today, we look at quality.

And today, our healthcare system does a poor job of encouraging and rewarding quality.

Medicare rewards healthcare providers based on the volume of services that they provide. The more patients they see, the more revenue they bring in. That's regardless of the quality of care.

Most policy experts and healthcare providers recognize that we need to shift our focus onto quality. We need to encourage better patient outcomes.

This effort would improve the health and longevity of patients. And improving patient outcomes should also help to reduce costs and rein in healthcare spending.

Healthcare spending has been growing at roughly seven percent a year. The overall economy has been growing at less than five percent a year. And general inflation has been rising at less than two and a half percent a year.

With healthcare costs growing this quickly, we simply cannot afford to continue paying for inappropriate or inadequate medical care.

We need to encourage high-quality and high-value care. And we need to reward healthcare providers who deliver it.

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We have made some progress.

Over the last few years, Medicare has encouraged hospitals to track and report on a variety of clinical activities that have been shown to improve quality and outcomes. For example: Do heart attack patients consistently receive aspirin when they arrive at the hospital? Medicare pays hospitals more if they measure and report these activities.

We have also tried some other approaches. For example, the Medicare Hospital Quality Incentive Demonstration program goes beyond just paying for reporting. This program links Medicare payments to hospitals' actual performance on a variety of clinical and quality measures.

This nationwide demonstration program has involved more than 250 hospitals. The program has shown that focusing on quality results in marked improvements for patients suffering from heart attack, heart failure, or pneumonia, and for those undergoing hip or knee replacements.

Similar efforts are also underway to encourage doctors to track and report quality and clinical improvement activities.

In Medicare, we have worked to establish the Physician Quality Reporting Initiative, or PQRI. This program asks doctors to report back to Medicare on their compliance with a standard set of quality measures. Doctors who participate in this program get a two percent bonus payment from Medicare. This program has focused its quality improvement efforts on improving treatment for high-cost, chronic conditions.

The private sector has also worked on quality improvement. And employers, as purchasers of health care, have begun working with health plans and healthcare providers to encourage higher quality for their health care dollar.

We've made some progress. But we need to do more to encourage and reward quality healthcare services.

Today, we will hear from a private health plan, a purchaser, a hospital, a physician, and a policy expert. Each of our witnesses has been on the cutting-edge of quality improvement efforts.

We will get their perspectives on how we can transform our healthcare system into one that encourages and rewards high-value and high-quality health care.

Improving healthcare quality is an integral part of health reform. And I look forward to hearing from each of our witnesses on this important topic.

Speaking about our Constitution, Benjamin Franklin once optimistically wrote:

“Wisdom is the specific Quality of the Legislature, grows out of the Number of the Body, and is made up of the Portions of Sense and Knowledge which each Member brings to it.”

So I hope that the Congress can bring some wisdom to the healthcare debate. I hope that each Member will bring large portions of sense and knowledge. And I hope that through that effort, we can help to improve the quality of health care, and thereby the quality of people's lives.

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