

10-8-1982

American Association of Professional Standards

Max S. Baucus

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Recommended Citation

Baucus, Max S., "American Association of Professional Standards" (October 8, 1982). *Max S. Baucus Speeches*. 217.
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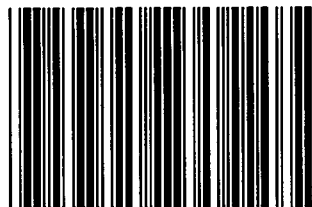
October-1982

American Assn. of Professional Standards Review Organizations

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BAUCUS

STATEMENT OF SENATOR MAX BAUCUS
AMERICAN ASSOCIATION OF
PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

October 8, 1982

FIRST, I WANT TO THANK YOU -- NOT ONLY
FOR INVITING ME HERE TODAY -- BUT ALSO
FOR THE GOOD WORK YOU ARE DOING AT HOME.

AMERICA'S 25 MILLION ELDERLY AND
DISABLED RELY ON YOU, AS MUCH AS ANYONE,
FOR HIGH QUALITY MEDICAL CARE.

AND, AMERICA'S TAXPAYERS RELY ON YOU,
AS MUCH AS THEY RELY ON THOSE OF US IN
WASHINGTON, TO SEE THAT THEIR MONEY IS
WELL SPENT.

I HAVE OPPOSED -- AND WILL CONTINUE TO OPPOSE -- ANY ADMINISTRATION ATTEMPTS TO PHASE OUT YOUR ORGANIZATIONS. I REGRET THE BUDGET CUTS AND THE LEGISLATIVE UNCERTAINTY THAT YOU HAVE HAD TO ENDURE.

THE RECORD SHOWS THAT PEER REVIEW IS ESSENTIAL TO MEDICARE PATIENTS WHO DESERVE QUALITY HEALTH CARE AT A REASONABLE COST.

THIS VERY MEETING IS A VICTORY OF SORTS CONSIDERING THE ADMINISTRATION'S OPPOSITION TO PHYSICIAN PEER REVIEW.

FOR TWO YEARS, THEY SAID THAT REFORMS TO PROMOTE HEALTH CARE COMPETITION WOULD CONTROL HOSPITAL UTILIZATION BETTER THAN PSROs.

FOR TWO YEARS, HCFA OFFICIALS HAVE ARGUED THAT PSROs HAVE HAD LITTLE OR NO EFFECT.

AND FOR TWO YEARS THEY HAVE BEEN WRONG.

I HAVE WITNESSED THE FINE PERFORMANCE OF THE MONTANA PSRO. I HAVE BEEN INVOLVED IN TWO YEARS OF HEARINGS BEFORE THE SENATE FINANCE HEALTH SUBCOMMITTEE.

AND I AM CONVINCED THAT PROFESSIONAL REVIEW OF HEALTH SERVICES IS AN ESSENTIAL INGREDIENT IN THE HEALTH SYSTEM.

I AM PLEASED THAT SENATOR DURENBERGER HAS JOINED ME IN SUPPORTING THIS FORM OF REVIEW.

WE HAVE DISAGREED ON THE PRECISE WAY THAT PEER REVIEW SHOULD BE ORGANIZED, BUT NEITHER OF US DOUBTS THE EFFECTIVENESS OF PSROs. NEITHER OF US HAS BEEN PERSUADED BY THE ADMINISTRATION'S ARGUMENTS AGAINST PHYSICIAN PEER REVIEW.

WE FOUND THE CONCEPT OF PEER REVIEW A SOUND ONE, ALTHOUGH SOME IMPROVEMENTS WERE IN ORDER. THAT'S WHY I DRAFTED MY OWN BILL TO IMPROVE THE PSRO SYSTEM.

MY BILL EMPHASIZED WEEDING OUT POOR-PERFORMING PSROs, AND RELYING ON THOSE THAT WERE MOST EFFECTIVE.

MY BILL AIMED AT REDUCING THE NUMBER OF PSRO AREAS, TO MAKE THE PROGRAM MORE COST-EFFECTIVE.

AND MY BILL CALLED UPON PSROs TO FOCUS THEIR EFFORTS TO AREAS WHERE INAPPROPRIATE HOSPITAL UTILIZATION WAS LIKELY TO OCCUR.

THESE PROPOSALS HAVE BEEN ENACTED INTO LAW, AS PART OF SENATOR DURENBERGER'S NEW PEER REVIEW LAW, RATHER THAN AS REFORMS OF THE EXISTING PSRO SYSTEM, AS I INTENDED.

I WOULD NOTE THAT DESPITE ADMINISTRATIO
OPPOSITION, NOT ONE MEMBER OF THE SENATE
FINANCE COMMITTEE -- NOT ONE -- OBJECTED
TO THE ATTEMPTS BY SENATOR DURENBERGER AND
MYSELF TO CONTINUE PEER REVIEW. NO ONE ON
THE COMMITTEE DISPUTED THE NEED FOR THIS
REVIEW PROCESS.

SO I FIND MYSELF IN A CURIOUS POSITION.

I AM PLEASED THAT PEER REVIEW REMAINS ON THE BOOKS. I AM PLEASED THAT MANY OF MY PROPOSALS FOR EFFECTIVE PEER REVIEW ARE NOW LAW.

BUT I AM CONCERNED THAT A CRITICAL ELEMENT OF THE NEW SYSTEM WILL NOT WORK AS SENATOR DURENBERGER -- AND CONGRESS AS A WHOLE -- INTENDED.

LET ME EXPLAIN WHAT I MEAN.

YOU ALL KNOW THE BASIC ELEMENTS OF SENATOR DURENBERGER'S NEW PEER REVIEW LAW. PSROs AND MEDICARE OFFICIALS WILL HAVE MORE LATITUDE TO TAILOR REVIEW EFFORTS TO LOCAL CIRCUMSTANCES.

THIS GREATER FLEXIBILITY WILL STIMULATE INNOVATION, AND ENABLE PSROs TO CAPITALIZE ON NEW APPROACHES THAT ARE PROVEN SUCCESSFUL.

THE NEW LAW WILL SUBSTANTIALLY REDUCE THE NUMBER OF PSROs. AGAIN, MY BILL WOULD HAVE CONSOLIDATED PSROs.

CONSOLIDATION DOES NOT MEAN THAT PSROs WOULD LOSE LOCAL FLAVOR. THEY SHOULDN'T. PRACTITIONERS MUST HAVE CONFIDENCE THAT THEY ARE FAMILIAR WITH LOCAL CONDITIONS, LOCAL STANDARDS OF PRACTICE.

LIKE THE PSRO FROM MONTANA, AND THOSE FROM OTHER STATES, LOCAL PHYSICIANS SHOULD RETAIN RESPONSIBILITY FOR REVIEWING CARE IN THEIR COMMUNITIES, EVEN THOUGH THE ADMINISTRATIVE ACTIVITIES ARE CARRIED OUT AT A CENTRAL LOCATION.

I AM CONCERNED, HOWEVER, ABOUT THE DIRECTION IN WHICH OTHER PROVISIONS OF MY COLLEAGUE'S NEW LAW MIGHT MOVE THE PSRO PROGRAM.

CERTAINLY, PSROs CAN EFFECTIVELY COMPETE FOR DESIGNATION UNDER THE NEW LAW. HOWEVER, THAT DOES NOT ENSURE THAT DESERVING PSROs WILL NECESSARILY BE DESIGNATED.

HERE'S WHY:

THE NEW LAW SHIFTS PEER REVIEW FROM A GRANT SYSTEM -- WHICH GIVES PRIORITY CONSIDERATION TO NON-PROFIT ORGANIZATIONS REPRESENTING A SUBSTANTIAL PROPORTION OF THE AREA'S PHYSICIANS, TO A COMPETITIVE CONTRACT SYSTEM.

I FEAR THAT THE ADMINISTRATIVE FLEXIBILITY AND THE RELIANCE ON COMPETITION THAT WAS WRITTEN INTO THE NEW LAW MAY BE USED BY THIS ADMINISTRATION TO DEFLECT THE NEW LAW'S GOALS.

I FEAR THAT QUALIFIED PHYSICIAN ORGANIZATIONS, WHICH ARE SENSITIVE TO LOCAL CONDITIONS AND NEEDS, MAY BE BYPASSED AS THE LAW IS ADMINISTERED.

WHAT WOULD TAKE THE PLACE OF REPRESENTATIVE LOCAL PHYSICIANS?

THE ADMINISTRATION HAS ALREADY INDICATED THAT IT WOULD PREFER ORGANIZATIONS THAT REVIEW HOSPITAL UTILIZATION IN THE TRADITIONAL MANNER OF THIRD PARTY PAYORS.

HCFA OFFICIALS FAVOR THE CHOICE OF INSURANCE COMPANIES OR DATA PROCESSING FIRMS THAT WILL RELY MORE ON HOSPITAL BILLING INFORMATION THAN PHYSICIAN UNDERSTANDING.

MY GREATEST FEAR IS THAT MEDICARE COULD RELIVE THE EXPERIENCE OF THE MID AND LATE 1960s, WHEN IT RELIED ON INTERMEDIARIES AND CARRIERS TO HOLD DOWN HOSPITAL UTILIZATION.

YET IT WAS THE POOR PERFORMANCE OF CARRIERS AND INTERMEDIARIES -- THEIR LACK OF SENSITIVITY TO PHYSICIAN BEHAVIOR AND LOCAL NEEDS -- THAT GAVE RISE TO PSRO LEGISLATION TEN YEARS AGO.

WE MUST NOT TURN BACK THE CLOCK.

WE SHOULD NOT RELIVE OLD PROBLEMS
AND RE-LEARN OLD LESSONS.

SO I AM ASKING YOU TO DO YOUR
PART UNDER THIS NEW PEER REVIEW SYSTEM.

COMPETE FOR DESIGNATION.

DO YOUR BEST TO DEMONSTRATE RESULTS.

FOR MY PART, I WILL USE MY SEAT ON
THE SENATE FINANCE COMMITTEE TO FOLLOW
THE WAY THE ADMINISTRATION IMPLEMENTS THE
NEW LAW.

I WILL DO MY BEST TO KEEP THE
ADMINISTRATION FROM TWISTING ITS
PROVISIONS OUT OF SHAPE.

I WILL DO WHAT I CAN TO ENSURE THAT
YOUR APPLICATIONS ARE REVIEWED FAIRLY.

ULTIMATELY, ANY SUCCESSFUL PUBLIC
EFFORT NEEDS THE COMMITMENT OF THOSE
FEDERAL OFFICIALS WHO ARE INVOLVED WITH
THE PROGRAM. POOR ADMINISTRATION IS AS
DEADLY AS POOR LEGISLATION.

THE SUCCESS OF THE NEW PEER REVIEW LAW
DEPENDS ON THE COMMITMENT -- AND THE
MOTIVES -- OF THE OFFICIALS AT THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
AND THE HEALTH CARE FINANCING ADMINISTRATION
WHO WILL IMPLEMENT ITS PROVISIONS.

IN ALL HONESTY, I HAVE A HEALTHY SKEPTICISM WHETHER THIS ADMINISTRATION WILL PROVIDE THE DIRECTION AND RESOURCES -- BOTH STAFF AND FINANCIAL -- TO MAKE THE NEW SYSTEM WORK.

THERE ARE STILL, TO THIS DAY, ADMINISTRATION OFFICIALS WHO ARE COMMITTED TO ENDING PHYSICIAN PEER REVIEW AS WE KNOW IT.

EVEN THIS SUMMER, HCFA OFFICIALS WERE PUBLICLY ADVISING YOU OF STEPS TO TAKE TO PHASE YOURSELVES OUT -- ONLY A WEEK OR TWO BEFORE WE PASSED THE NEW PEER REVIEW LAW!

AND I DON'T HAVE TO REMIND YOU OF THE FLAWS OF THE 1982 PSRO EVALUATION THAT HCFA IS CONDUCTING.

THOSE OF YOU EVALUATED IN THE FIRST TWO QUARTERS OF THIS YEAR WERE TREATED UNFAIRLY. NO DOUBT ABOUT IT.

THE GENERAL ACCOUNTING OFFICE HAS CONFIRMED THIS FOR ME. HCFA OFFICIALS APPROACHED THAT EVALUATION WITH THE GOAL OF ELIMINATING A SPECIFIC NUMBER OF PSROs RATHER THAN GAINING MORE INFORMATION ABOUT THEIR EFFECTIVENESS.

THAT'S HARDLY A WAY TO CONDUCT A NON-BIASED ANALYSIS.

IN THE END, A LOT DEPENDS ON US.

YOU HAVE TO GET IN THERE AND COMPETE FOR DESIGNATION AND SHOW RESULTS. I WILL KEEP THE ADMINISTRATION'S FEET TO THE FIRE, TO MAKE SURE THE PROGRAM IS ADMINISTERED PROFESSIONALLY AND FAIRLY.

THE STAKES ARE HIGH.

THE PEOPLE OF THIS COUNTRY DESERVE A SYSTEM THAT IS RUN EFFECTIVELY, PRICED REASONABLY, AND ADMINISTERED FAIRLY.

THEY WANT A SYSTEM THAT PROTECTS BOTH THE ELDERLY AND DISABLED WHO DEPEND ON IT, AND THE TAXPAYERS, WHOSE CONTRIBUTIONS FINANCE IT.

THEY WANT US TO WORK TOGETHER --
CONGRESS, THE ADMINISTRATION, AND PHYSICIANS
-- WITHOUT RANCOR, WITHOUT IDEOLOGICAL
BLINDERS, WITHOUT FACTIONAL CONSIDERATIONS
IMPEDING THE WORKABILITY OF THE SYSTEM.

I THINK WE CAN DO IT.

AND I PROMISE TO WORK WITH YOU, IN
THE DIFFICULT BUT IMPORTANT TASK OF
IMPROVING THE SYSTEM, AND MAKING IT WORK.

THANK YOU.