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American Group Medical Association

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American Group Medical Association Statement of Senator Max Baucus June 17, 2009

Chet Speed, VP of Public Policy for AMGA, will introduce you.

Thank you, Chet, for that kind introduction. And thank you for this award. Transforming the healthcare delivery system, improving quality care, increasing access, and encouraging care coordination are central to reforming the health care system. Making these important concepts a part of our system is my top priority this year. Together, I'm confident that we can succeed. Americans understand the problems that the health care system faces, if we don't achieve comprehensive reform. Health care costs are straining America's families and businesses. Health care costs are endangering Medicare's ability to meet its obligations. And health care costs are driving up the Federal debt.

Between 2000 and 2008, health care premiums rose five times faster than wages. Unless things change, in just 7 years, most Americans will spend nearly half of their income on health insurance. One-and-a-half million families lose their homes each year to foreclosure, because of unaffordable medical costs.

If we do nothing, in the next decade, premiums will increase as a share of workers' compensation from 9¹/₂ percent to as much as 17 percent.

If we do nothing, in the next decade, employer spending on premiums will rise from \$429 billion to as much as \$885 billion.

The numbers show how important it is that we pass health reform this year. The time to act is now. As I see it, comprehensive health care reform must incorporate three elements.

- (1) We must lower costs in the health care delivery system.
- (2) We must ensure that all Americans have access to quality, affordable health care.And
- (3) We must make sure it's paid for.

Your work at the American Medical Group Association embodies many of the goals that I have for health care reform. Reforming the way that our health care system delivers care is critical to health care reform. Your members' work represents the type of innovative reforms that we are striving to achieve. These reforms include:

- Fully integrated, efficient, patient-centered care;
- Teamwork across specialties;
- Coordinated care through use of electronic health records, care managers and evidencebased care guidelines; and
- Transparency and accountability for clinical care outcomes.

As we craft our bill, many of the policies that we expect to include will replicate your success. It's imperative that we better align financial incentives in the system to reward quality care and better care — rather than simply paying more for providing more care. In Montana, Nick Wolter and his team at Billings Clinic have shown that high quality and lower costs can go hand-in-hand. We need more places like Billings Clinic.

I believe that health reform should include new Medicare payment models that reward providers for working together to improve quality and lower costs in the long run. These Accountable Care Organizations should share in the savings that they achieve in the Medicare program. So how do we get from here to there? How do we ensure that reform includes these changes that we can all support? And how do we ensure that we get a bill signed into law?

Many of you have followed our efforts in the Senate Finance Committee. Our plan has been to have an open and inclusive process. We laid the groundwork throughout 2007 and 2008 with more than a dozen hearings highlighting the urgent need for reforms.

We held public roundtables on each of the three key topics. We had thought leaders from industry, academia, and think tanks.

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The suggestions from experts and Senators at the roundtables helped us to draft options for the Finance Committee to consider. Over the course of the last month, we laid out a series of options on each segment of health care reform.

And we held meetings of Finance Committee Senators to walk through these options. More than once, we locked ourselves in a room for more than 8 hours, talking things through.

These meetings of Finance Committee Senators have been good opportunities for Senators — Democrats and Republicans alike to bring their ideas to the table.

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We still have a lot of work to do. But our schedule is on track.

Today, we released a draft Chairman's mark. Senators on the Finance Committee discussed that proposal earlier today. Our plan is to revise that mark further and release that revised version on Friday. And then we intend to mark up a bill next week.

Senator Kennedy's HELP Committee is also on schedule. The HELP Committee plans to finish their markup at about the same time as the Finance Committee. The Senate will take up a merged bill on the floor next month. And the Speaker has said that the House will also move legislation before the August recess.

We are on a shared path towards enacting comprehensive health care reform legislation. We are all in this together.

Working together, this year, we can enact meaningful health care reform. And working together, we can deliver quality, affordable health care to all Americans.

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Let us work together to provide quality, affordable health care coverage to all Americans. And let us work together to enact that reform into law, this year.