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**BAUCUS EXAMINES FRAMEWORK AMERICANS USE  
TO DECIDE ON, PURCHASE, AND RECEIVE HEALTH CARE**  
*Finance panel focuses on coordinating patient care to reduce costs, reform health care  
system*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) today asked experts in the health care community how to reform the framework through which Americans decide on, purchase, and receive health care. Changes to Medicare – one of America’s largest systems for delivering care to patients – are likely to drive reform throughout America’s health care system. Baucus examined reforms that would reduce unnecessary treatments and lower costs within the health care system. A reformed system, Baucus said, must be structured in a way that encourages physicians to work together when providing care. Today’s hearing, entitled “Aligning Incentives: The Case for Delivery System Reform,” was the seventh in Baucus’s year-long examination of health reform issues designed to prepare the panel for congressional action in 2009.

**“Patients receive duplicative tests, they receive inadvisable prescriptions, they undergo surgeries costing thousands of dollars, only to be ignored after they leave the hospital. And as a result, Americans waste more than 30 cents of every healthcare dollar on unnecessary and poor-quality care,”** said Baucus. **“That waste is simply unacceptable...we need to refocus our system, and our dollars, on coordinating patient care.”**

Baucus explored reforming the way Medicare and other providers pay for care. The current system reimburses doctors for each service they provide and encourages excessive treatments. Baucus asked witnesses about the idea of shifting to a system in which payments to all of a patient’s caregivers during an episode of treatment are “bundled” together, therefore requiring them to coordinate their care. He further explored the idea of centralizing care by exploring system reforms that would create a “medical home” for patients. A medical home – like a primary care doctor – would be the central point for coordinating care and reducing wasteful treatments. Coordinating care, the witnesses agreed, would reduce America’s skyrocketing costs and help reform the health care system. Baucus also focused on solutions for reducing the number of patients who are re-admitted after a hospitalization, another problem that significantly increases costs in the health care system. He asked witnesses about changing payments for a patient’s health care providers to encourage care that will prevent another hospitalization. Dr. Glenn Steele the President and CEO of the Geisinger Health System, which has pioneered quality improvement programs, and has participated in a Medicare pilot program to improve quality, agreed that changing these reimbursement rates would reduce costs and result in superior care.

**“What we need to do is reward good clinical practice and not reward bad practice. Paying for readmitting a patient for an infection that should have been prevented is unacceptable. National policies that address these reimbursement issues - particularly for Medicare patients - should be changed. Programs like Medical Home need to be recognized for their**

**value and reimbursed appropriately,” Dr. Steele testified. “Those changes will result in creating a practice environment for physicians that is rewarding, will increase interest in our young caregivers entering the field of primary care – where prevention of disease is centered – and move toward making the cost of healthcare more affordable for our nation.”**

Throughout 2008, Baucus has held numerous hearings, roundtables, and events, including a day-long, bipartisan summit he hosted in June with Finance Ranking Member Chuck Grassley (R-Iowa). Baucus has said the panel will have one more hearing next week and will plan additional hearings if time permits.

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