

Testimony of

The Honorable Charles E. Schumer

April 30, 2002

Mr. Chairman, thank you for squeezing me in to make a few brief remarks. As you know because of all the work you've done on the bill, we're trying to work out the final details in the bankruptcy legislation that's in conference. But I did want to take a couple of moments out of that process to say a few words here.

It's no secret that health care costs in this country are spiralling way out of control. An ever increasing percentage of Americans' monthly income is going to pay absurdly high health care bills. We need to find solutions to this problem that will only get more serious as the baby boomers move into their later years.

One area that I've been looking at is prescription drugs. Senator McCain and I have a bill that would make generic drugs more broadly available and reduce patients' reliance on high-priced drugs from the big pharmaceutical companies. Passing that bill would be a start, but only a start.

In the past few months there's been a lot of debate about the role of group purchasing organizations in the health care system. As you mentioned in your statement, the New York Times ran a front page article raising some serious questions about the practices of certain GPOs and I'm pleased to see that they're here today to give some answers to those questions.

As we examine the problems, it's important for all of us to keep in mind that GPOs, in and of themselves, are not a bad thing. They perform a valuable service by permitting hospitals to buy supplies more affordably. When hospitals can purchase quality equipment at cheaper prices, consumers save money.

Not to put too fine a point on it, but lower operating costs lead to lower-cost operations.

With health care bills soaring through the roof, every dollar counts. But savings can't come at the cost of quality care. That's the balance we need to strike and this hearing today is important because it will examine both the problems with and the advantages of using GPOs.

Government shouldn't jump in with fixes to problems that industry can clean up on its own. That's why I'm so pleased to hear that the GPOs have committed to creating their own code of conduct which, we trust, will resolve the concerns that have been raised about the ways GPOs operate.

Mr. Chairman, I know that you share my view on that issue and I believe that holding this hearing, focusing attention on these issues, and taking a constructive approach to solving the problems you're highlighting here is just the kind of limited government intervention that serves our constituents well.

I look forward to reading the testimony of everyone here and to reviewing your answers to the questions posed. I apologize for not being able to stay to participate, but duty on the bankruptcy bill calls.