

TO: President Barack Obama  
FROM: Economists and Health Policy Experts (names below)  
DATE: August 3, 2009  
RE: Independent Medicare Advisory Council

We are writing to express our belief that a properly structured Independent Medicare Advisory Council (IMAC), with a congressional mandate and authority to do so, can reduce the rate of growth of health expenditures substantially. The Congressional Budget Office stated that considerably more savings would be possible than under the proposed Independent Medicare Advisory Council Act of 2009 if legislation “were to provide IMAC with broad authority, establish ambitious but feasible savings targets, and create a clear fall-back mechanism for instituting across-the-board reduction in net Medicare outlays.”<sup>1</sup> We agree.

The success of any such body is dependent on the expertise of its members. Thus it should include both physicians and non-physicians who understand how the health care system functions and who are qualified to make recommendations that will improve health care. It also needs clear direction from the President and Congress, indicating that its mission is both to help control the rate of growth of Medicare expenditures and to protect the health of the elderly. And it needs to be able to operate in a way that ensures that long-term benefits to the American people will not be sacrificed to short-term gains and narrow interests.

Your Administration’s proposed IMAC would have the authority to propose changes to Medicare payment rates for services whose prices do not accurately reflect value. It would also be able to recommend more general policy reforms, such as implementation of value-based purchasing, bundling of payments, and innovative benefit designs. More importantly, IMAC would have the flexibility to respond rapidly to dynamic changes in the health care system.

To achieve the desired reduction in expenditures and improvements in the quality of care, safeguards will be needed to ensure that the group is independent of direct political control and that its recommendations are implemented fully. The requirement that IMAC’s recommendations be adopted or rejected as a portfolio, along with a mandate to control expenditure growth, will enable IMAC’s recommendations to lead to major improvements in the performance of the Medicare program.

We encourage Congress to include an entity like IMAC in any health reform legislation and to design it in a manner that will enable it to help improve the quality and productivity of our healthcare system.

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<sup>1</sup> Letter from Douglas W. Elmendorf to the Honorable Steny H. Hoyer, House Majority Leader, July 25, 2009.

Signed by:

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Please note: The opinions expressed here are those of the signatories to this letter, and are not necessarily those of the affiliated institutions, which are listed solely for the purposes of identification.