



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 8, 2009

The Honorable George Miller
Chairman, Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Rangel
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Henry Waxman
Chairman, Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Miller, Rangel, and Waxman:

I am writing to express the Administration's strong support for the health care savings proposals in the Tri-Committee health reform discussion draft dated June 19. Virtually all of these policies are consistent with those put forward by the Administration, and are essential to our shared goal of reforming health care in a fiscally responsible manner. Yesterday, the Congressional Budget Office affirmed that the Medicare proposals in your bill would save over \$500 billion over 10 years – and those savings would help offset the cost of expanding affordable health choices to more Americans.

Adopting a deficit-neutral health reform that expands coverage, however, is not enough, because it would perpetuate a system in which best practices are far from universal and costs are too high. I commend you for proposing delivery system reforms that will begin the process of transforming our health system so that quality is improved, cost growth is contained, and waste is reduced. Though these reforms may not achieve immediate or scored savings, they do emphasize quality and value. Such policies include building productivity adjustments into payment systems, promoting physician peer profiling, moving toward bundled payments, testing shared decision making, and investing in comparative effectiveness research. Although your bill includes these types of important "game changers," it would be desirable to build upon these measures with additional steps that will help make our health care system sustainable for generations to come.

As you introduce and mark-up your legislation, I urge you to maintain and strengthen these policies. We recommend you consider additional savings from Medicare and Medicaid disproportionate share hospital payments and further delivery system reforms, including changes to the process through which Medicare policies are set.

As the President has said, slowing the growth rate of health care costs is the single most important thing we can do for America's long-term fiscal health. Working together, we can make this a reality.

Sincerely

A handwritten signature in black ink, appearing to read 'P. Orszag', written over the printed name.

Peter R. Orszag
Director