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The Honorable Charles Rangel
 Committee on Ways and Means
 United States House of Representatives
 Washington, DC 20515

The Honorable Henry Waxman
 Committee on Energy and Commerce
 United States House of Representatives
 Washington, DC 20515

The Honorable George Miller
 Committee on Education and Labor
 United States House of Representatives
 Washington, DC 20515

Dear Chairmen Miller, Rangel and Waxman:

The U.S. Public Interest Research Group (U.S. PIRG), the Federation of State PIRGs, congratulates you on the release of the health reform discussion draft. **We enthusiastically endorse this historic legislation.**

U.S. PIRG and our affiliates have a thirty-five year history of standing up for consumers against unfair and unprincipled conduct. Nowhere in our economy have consumers suffered more than in the health care marketplace. Americans have paid more and more for less and less health care in recent years – a crisis of affordability that impacts the insured, the underinsured, and the uninsured alike.

Your discussion draft includes several elements vital to transforming America's health care system:

- **Aggressive payment reforms** that will offer lower cost and higher quality benefits to Medicare beneficiaries, using strategies such as value-based purchasing, increased primary care reimbursement, and pilot programs of medical homes and accountable care organizations.
- **Patient-centered research** to enable doctors and patients to make informed choices about treatment with a dedicated funding stream from assessments on insurers and payments from Medicare and Medicaid
- **Strong insurer efficiency standards** to assure consumers and taxpayers that at least 85% of their dollars are going to medical care, not to insurance industry red tape or executive compensation. In particular the requirement that insurers who do not meet the standard, issue refunds to their customers will provide a guarantee to consumers that they are getting a good value for their health care dollars.
- **Insurance reforms** that give every American family the peace of mind of knowing that the treatment which their loved ones need can no longer be denied due to pre-existing conditions, caps on health coverage reimbursement, or premiums based on their health history.
- **Health insurance exchanges** that offers consumers the option of keeping their current coverage and doctor, choosing another private plan, or selecting a new public health insurance option.

- **A high-quality public health insurance option** that will compete on a level playing field with other plans and drive the delivery reforms needed to deliver greater value for Americans' health care dollar.

Your proposed legislation takes a strong first step to reining in the skyrocketing costs that are threatening families, businesses, and our nation's fiscal future, while securing that American consumers and employers have affordable, high-quality health care choices.

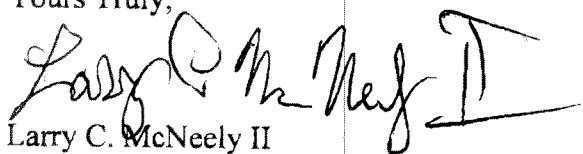
But in this historic moment, we urge you to do even more to remove our country from its unsustainable path of rising costs, tough choices, and reduced quality. That means tackling two key drivers of America's rising health costs: Skewed payment incentives and bloated administrative costs.

Keep Politics Out of Medicare Payment Reform; Pass the MedPAC Reform Act This bill (sponsored by Representative Jim Cooper) would put payment policies within Medicare out of reach of powerful industry lobbyists. It would transform the Medicare Payment Advisory Commission into a Presidentially-appointed, executive branch agency and empower it to accelerate delivery and payment reforms within Medicare. With this new structure, public programs could test, adjust and implement the new incentive structures that our country needs to reduce the growth in health care costs.

Fund Innovative State and Regional Health Information Networks: These networks combine Health IT and simplified medical billing processes to reduce costly and time-consuming duplication in insurance paperwork. One such program, the New England Healthcare Electronic Data Interchange Network has reduced providers' cost of interacting with insurers by as much as 80% while freeing up physicians and other providers to spend more time with their patients. Health reform legislation should invest in grants to states and short-term loans to smaller practices to speed the dissemination of this new approach.

U.S. PIRG urges inclusion of these two cost saving policies in the forthcoming Chairmen's marks. U.S. PIRG, our affiliates, staff, and members stand with the Committees as they strive to develop and pass strong health reform legislation this year. Please contact us if we can provide any information or assistance in your efforts.

Yours Truly,



Larry C. McNeely II
Health Care Advocate