

Congress of the United States
Washington, DC 20515

June 26, 2009

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
1139 Longworth House Office Building
Washington, DC 20515

The Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Barton
Ranking Member
Committee on Energy and Commerce
2322-A Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
Chairman
Committee on Education and Labor
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable John Kline
Ranking Member
Committee on Education and Labor
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Rangel, Chairman Waxman, Chairman Miller, Ranking Member Camp, Ranking Member Barton and Ranking Member Kline:

As Congress considers health care reform legislation that reduces costs and ensures quality, affordable care, we urge the committees of jurisdiction to address the current inequities in Medicare reimbursement among states. It is our strong belief that geographic payment inequities must be resolved for health care reform to be successful and for Medicare to achieve long-term sustainability.

We represent states in which quality of care exceeds the national average and per-beneficiary fee-for-service Medicare costs are substantially lower than the national average, reducing overall Medicare costs. Our low-cost, high-quality states are setting the national standard for Medicare, yet we are penalized by the current Medicare reimbursement formula.

Medicare geographic payment inequities are well documented and have been extensively studied. According to a study by the Congressional Budget Office (CBO) in 2008, per capita health care spending varies widely across the U.S. The CBO report states that Medicare beneficiaries in high spending regions receive between 30 to 80 percent more health care services than beneficiaries in low spending regions. Yet these high cost areas do not produce better health outcomes. In fact, too often Medicare is paying significantly more for patient outcomes that are worse. The report also states these large differences in spending across the country relate significantly to the volume and intensity of services provided. Estimates suggest that moving to a coordinated, integrated delivery system could save Medicare upwards of \$100 billion a year. Given the need to reduce health care spending for the nation's long term fiscal outlook, we believe it is critical to identify and encourage patterns of care that are more efficient.

The draft House Tri-Committee health care legislation takes steps towards rewarding the efficient delivery of care. We urge even greater steps to incentivize high-quality, cost-effective patient care. Addressing decades of inequitable Medicare payments, ensuring an opportunity for all states to deliver efficient and effective care, and rewarding even higher levels of performance are all necessary measures for any health care reform bill to be successful.

We have every expectation that health care reform legislation will include a Medicare reimbursement formula that will be fair and equitable for all states. We look forward to working with you on these important issues.

Sincerely,


BETTY MCCOLLUM
Member of Congress


DAVID OBEY
Member of Congress


BRUCE BRALEY
Member of Congress


DAVID LOEBSACK
Member of Congress


JAY INSLEE
Member of Congress


JIM MCDERMOTT
Member of Congress


JIM OBERSTAR
Member of Congress


STEVE KING
Member of Congress


TIM WALZ
Member of Congress



TAMMY BALDWIN
Member of Congress


KEITH ELLISON
Member of Congress



COLLIN PETERSON
Member of Congress


TOM LATHAM
Member of Congress


ERIK PAULSEN
Member of Congress


LEONARD BOSWELL
Member of Congress


MIKE MICHAUD
Member of Congress



RICK BOUCHER
Member of Congress



BOBBY SCOTT
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THOMAS E. PETRI
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PETER DEFAZIO
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ADAM SMITH
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PAUL HODES
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STEVE KAGEN
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JERRY MORAN
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PETER WELCH
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