

# United States Senate

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JOINT ECONOMIC COMMITTEE

November 15, 2010

National Commission on Fiscal Responsibility and Reform  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Commission Members,

Your hard work and dedication as part of the President's Bipartisan National Commission on Fiscal Responsibility and Reform is absolutely vital to the future of the country. I strongly share your view about the need to face our long-term deficit problems, and to be honest about real solutions that will help put us on a path of fiscal sustainability.

The leading cause of our federal deficits and overall debt is the growing cost of health care. Increasingly, Medicare and Medicaid's projected costs alone are expected to exceed all other federal spending. Furthermore, the rising cost of health care is hobbling American business and stressing family budgets. Cost-shifting continues to make American companies less competitive in a global market, and challenges small businesses' ability to meet their needs. At the same time, as we pay more dollars each year, Americans continue to receive about the same level of care. Taxpayers are not getting value for their health care dollar spent.

Experts agree that there is no silver bullet for solving the problem of health care cost growth and its impact on our entitlement programs; a patchwork of targeted policies must be applied in a concerted effort to drive the rate of cost growth down while ensuring quality and value. In the face of an entrenched status quo, enactment of reforms will require more hard decisions and difficult trade-offs. I am concerned that in the aftermath of a highly charged political battle over health reform, additional proposals to address this cost growth will fall by the wayside.

While the Affordable Care Act (ACA) that passed in March included a set of policies that put a renewed focus on cost containment, it could have gone further. Provisions such as the Independent Payment Advisory Board (IPAB), dedicated funding for a public/private partnership to conduct comparative effectiveness research (CER), the creation of a Center for Medicare and Medicaid Innovation, and demonstration projects on value-based purchasing and bundling were serious steps. However, as in the past, some strong proposals did not make it into the ACA, and others left in were weakened.

I find it ironic that some of the greatest critics of the ACA now want to repeal these important policies which were shown to save money. Eliminating policies, such as IPAB or funding for CER, that provide a real down payment on cost containment would be counter to the goal of reducing our out-of-control cost growth.

It, quite frankly, is irresponsible to advocate for deficit reduction without addressing the long-term cost drivers of our entitlement programs. This includes, but is certainly not limited to, building upon proposals included in the ACA. The draft document recently released by your Co-Chairmen includes many worthwhile proposals which I believe must be part of this discussion. I would strongly advocate that the final list of recommendations include at least the following:

- Strengthening and expanding the scope of IPAB.
- Further limiting taxpayers subsidizing high cost health plans.
- Fail-safe proposals to ensure savings materialize.
- Restructuring the Medigap program to eliminate the first dollar coverage.
- Real medical malpractice reform.

The long-term fiscal health of our country is too important to be caught up in unproductive partisan bickering, half-truths, or political grandstanding. I want to work on ways to ensure we have sustainable programs for all Americans, and that means getting a handle on out-of-control health care cost growth.

I look forward to working with you, my fellow colleagues in the Senate, and the President in finding real solutions to these problems.

Sincerely,



Mark R. Warner  
United States Senator