

July 16, 2009

The Honorable Ron Kind
1406 Longworth House Office Building
Washington, DC 20515

Dear Congressman Kind,

On behalf of some of the nation's leaders in health care delivery, we write to you today to comment on the House health care reform bill introduced earlier this week. We would like to thank you for the opportunity to comment on this legislation. We applaud the Congress for its commitment to passing comprehensive health care delivery system reform this year. However, we have significant concerns about the current language of the bill and we ask that these concerns, set forth below, be addressed before the committee action is concluded.

Medicare-like Public Plan

First, we are concerned that a public plan option with rates based on Medicare rates will have a severe negative impact on our facilities. Today, many providers suffer great financial losses associated with treating Medicare patients. For example, several of the systems that have signed onto this letter lost hundreds of millions of dollars under Medicare last year. These rates are making it increasingly difficult for us to continue to treat Medicare patients. The implementation of a public plan with similar rates will create a financial result that will be unsustainable for even the nation's most efficient, high quality providers, eventually driving them out of the market. In addition, should a public plan with inadequate rates be enacted, we will be forced to shift additional costs to private payers, which will ultimately lead to increased costs for employers who maintain insurance for their employees. We believe all Americans must have guaranteed portable health insurance, but it is critical that we not lose sight of the need to ensure adequate and equitable reimbursement.

Geographic Payment Disparities

Second, our health care systems are among the most cost-efficient in the country in caring for Medicare patients. However, many of us operate in states with some of the lowest Medicare reimbursement rates in the nation. Current physician payments due to geographic disparities are actually greater under Medicare than under commercial insurance. This may be difficult to believe, given the government's rate-setting power, but flows from the fundamentally flawed payment methodology. To date, health care reform proposals simply continue the current payment methodology, despite the fact that formula changes have been identified to address this problem. We support payment changes that work to reduce geographic disparities, rather than perpetuating the flaws in the current payment system. While we believe that the Institute of Medicine study is a good first step, we encourage Congress to take this further and enact payment reforms that will address the existing disparities.

Value Index Proposal

Third, consistent with statements from President Obama, we believe that focusing on, defining, measuring, and paying for value is essential for controlling cost within the U.S. health care system. The system must be reformed to compensate for value instead of volume. We believe inserting a value index into various aspects of the Medicare payment system (e.g., physician fee schedule, hospital rates) is the means to accomplish this end goal of compensating for quality rather than quantity.

We appreciate the opportunity to comment on this legislation. We urge you to address the above-stated concerns, which will demonstrate that Congress is serious about preserving the best parts of the existing health care delivery system. If we can be of assistance to you moving forward, please do not hesitate to contact us.

Sincerely,

Everett Clinic

MeritCare Health System

Gundersen Lutheran Health System

Park Nicollet Health System

HealthPartners

Rural Wisconsin Health Cooperative

Intermountain Healthcare

ThedaCare

Iowa Clinic

Wisconsin Hospital Association

Marshfield Clinic

Wisconsin Medical Society

Mayo Clinic

Cc: House Congressional Members