



Center for Public Policy Priorities

July 21, 2009

The Honorable Henry Cuellar
United States House of Representatives
Washington, D.C. 20515

Dear Representative Cuellar:

Blue Dog Democrats will play a special role in health care reform. Like the Blue Dogs, we too are concerned about how the country pays for health care reform and controls costs. With those goals in mind, we have carefully reviewed the House bill pending in the Energy & Commerce Committee. We are pleased to report to you our assessment that the bill fully pays for the cost and extends affordable, quality health coverage to 97 percent of Americans. We urge you to take a leadership role with the Blue Dog Democrats to ensure that the Energy & Commerce Committee favorably reports the bill to the House without weakening it in any way. If you need any information about the bill or the impact on Texas, please let us know. Here, in a big picture way, we want to make two points.

First, the House bill makes a good start on controlling health care costs. The bill cuts Medicare and Medicaid spending by approximately \$450 billion over ten years, a magnitude similar to the Medicare and Medicaid cuts that were included in the Balanced Budget Act of 1997, which led to budget surpluses in the late 1990s. The bill reduces some Medicare provider payments through productivity adjustments and modifications of annual updates and includes various incentives for delivery system reform and quality improvement. Creating incentives for hospitals to avoid unnecessary readmissions is one example of a policy that will lower costs and improve quality. Reducing overpayments to Medicare Advantage plans is another important step to control the growth of health care spending. Moreover, in evaluating this bill, you also need to keep in mind what Congress did in ARRA. You made important investments in health information technology and comparative effectiveness research to lay the groundwork for more effective health care spending. The country needs time to see how the new tools provided in ARRA can be used to control costs. But the country also needs structural health care reform now. American's simply can't wait until all problems are solved to start solving problems.

Second, and of particular importance to Texas, the House bill includes strong provisions to help children and families secure coverage. Both by building on Medicaid and by instituting sliding scale premium subsidies for lower income Americans, the bill will reduce the number of uninsured people in our country and help make health care more affordable for people who are covered today but can't afford the costs of care. With the highest rate of uninsured in the nation and rapidly contracting employer-sponsored health care, Texas has a big stake in health care reform. Failure is not an option for Texans. Please let us know if we can do anything to help you make national health care reform a success.

Sincerely yours,

A handwritten signature in black ink that reads "F. Scott McCown".

F. Scott McCown
Executive Director

A handwritten signature in black ink that reads "Anne Dunkelberg".

Anne Dunkelberg
Associate Director

C: Terry Stinson, Chief of Staff
Alastair Rami, Legislative Director
Jeremiah Rigsby, Legislative Assistant