Congress of the United States

Washington, DC 20515

April 24, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
H-232, US Capitol
Washington, DC 20515

Dear Speaker Pelosi,

We write to express our support for enacting legislation this year to guarantee affordable health care for all and to state that our support firmly hinges on the inclusion of a robust public health insurance plan like Medicare. A public health insurance plan like Medicare is an essential component of reform that is needed in order to provide competition, promote choice, and improve efficiency as well as ensure health equity which is another indispensable element of a health reform plan. As Congress develops health reform legislation, the design should make sure that all public health insurance plan programs, including Medicare and Medicaid, receive at least the same consumer subsidies as private insurance plans and pay competitive provider rates that guarantee equal access to affordable, quality health care providers and services for all consumers.

A public health insurance plan like Medicare that competes with private insurers will set standards that could help lower costs and improve access. Empirical evidence suggests that systems which encourage competition reduce premiums and lower aggregate spending compared to a private insurance-only approach. For instance, private health insurance premiums increased an average of 7.3 percent annually from 1997 to 2006, while Medicare spending per enrollee rose only 4.6 percent a year for the same benefits—a full 37 percent difference. Similarly, the Federal Employee Health Benefit Program (FEHBP), which does not have a public health insurance plan like Medicare, experienced average premium increases totaling 69.3% over the past eight years.

Besides costs, there is strong evidence that private insurance-only approach will not provide equal access to health care for all consumers. Even though Medicare pays higher payments to Medicare Part D prescription drug plans to provide coverage for sicker patients, the 2009 Medicare Payment Advisory Commission (MedPAC) report found that those plans are still designing benefits to discourage enrollment of sicker patients. The Medicare Part D program does not have a public health insurance plan.

Finally, it is essential that all public health insurance plans like Medicare reimburse providers at rates that ensure their participation. For instance, the Governmental Accountability Office found in 2000 that most state Medicaid programs reimburse at such low rates that they have contributed to Medicaid beneficiaries having difficulty accessing oral health care.

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Addressing our failed health care system must be a top priority not just to help individuals and families obtain medical care, but to keep businesses competitive and constrain rising costs that are placing unsustainable burdens on consumers, businesses and federal, state and local governments. We are committed to working with you to pass comprehensive health care reform with a public health insurance plan like Medicare that guarantees quality, affordable health coverage to all.

Sincerely,

Representative Raúl Grijalva
Co-Chairman, Congressional Progressive Caucus

Representative Michael Honda
Chairman, Congressional Asian Pacific American Caucus

Representative Nydia Velázquez
Chairwoman, Congressional Hispanic Caucus

Representative Barbara Lee
Chairwoman, Congressional Black Caucus

Representative Lynn Woolsey
Chairwoman, Congressional Progressive Caucus