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The Honorable Harry Reid
Office of the Majority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid:

The U.S. Public Interest Research Group (U.S. PIRG) and our affiliates, the State Public Interest Research Groups, have a thirty-five year history of standing up for consumers against unfair and unprincipled conduct. Nowhere in our economy have consumers suffered more than in the health care marketplace. Americans have paid more and more for less and less health care in recent years – a crisis of affordability that impacts the insured, the underinsured, and the uninsured alike.

Your legislation, the Patient Protection and Affordable Care Act of 2009, faces this crisis head-on and would deliver on the promise of lower costs and better choices for American consumers. U.S. PIRG strongly supports its passage.

Yet, given the seriousness of the threat posed by rising costs, we are compelled to offer below a number of proposals to further strengthen the bill in addition to identifying those provisions which must be protected.

As Senate debate moves forward, we ask that you ensure that the following provisions remain strong:

- **Patient-centered outcomes research into which treatments work best**, so that consumers and their providers are informed about the latest science when making decisions about care.
- **Increased investment in primary care.** Well-delivered primary care improves health and keeps people out of the hospital and reduces expensive ER visits. The bill includes payment increases for primary care providers to spend more face-to-face time with patients and new funding for scholarships and loan-forgiveness to bring more for primary care providers into the workforce.

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- **A new Center for Innovation**, housed in CMS, to rapidly develop and test innovative payment models that will transform our health care system to one that rewards quality not quantity.
- **Administrative simplification provisions, insurance premium rate review, and insurer efficiency standards** (based on medical loss ratios) will ensure that customers' premiums go to care, not unneeded administrative costs, excessive profits, or outrageous executive compensation packages.
- **An Independent Medicare Commission** with the authority to make the hard decisions on provider payment policy that will ensure the sustainability of Medicare. These recommendations may only be overridden by Congress under special fast-track consideration.

The legislation pairs these unprecedented cost-containment efforts with strong new consumer protections against pre-existing condition coverage denials, lifetime caps on benefits, and rescission of benefits. It introduces additional choice and competition to insurance markets through a public option with a state opt-out. And significantly, the legislation includes a practical framework for the sharing of responsibility for financing this reform between individuals, employers and the government.

The result is a bill that secures existing federal programs, initiates vital new delivery reforms, protects consumers, puts affordable coverage within reach of 31 million Americans, all while lowering the deficit by \$127 billion over ten years. It is a remarkable achievement.

But as noted above, the seriousness of the crisis posed by health care cost inflation demands additional steps.

A Broader Focus on Containing National Health Spending

U.S. PIRG shares the hope that delivery reforms, once initiated within public programs, will lead the way to rewarding value and outcomes throughout America's health care system. But additional steps are needed to ensure that transformation spreads to the private sector and that we do indeed bend the curve of national health spending;

As further policy changes are made to hold down costs and improve quality, whether by Congress, the Department of Health and Human Services, or an independent Commission, it is critical that decision-makers take into account the impact of policy on health care spending across the economy, not just on public programs like Medicare and Medicaid. U.S. PIRG supports requiring either the Secretary of HHS or an Independent Commission to periodically study the extent and causes of growth in national health spending and make recommendations to Congress to address it.

Another policy which merits inclusion in your bill is the "failsafe" provision proposed by President Obama in his September 9th speech to Congress. Such a failsafe would

implement additional measures to hold down the growth in health care costs. The failsafe could be triggered by failure to achieve budgetary savings or reductions in national health care spending. No one element of our health care system, whether providers, businesses, or taxpayers, ought to bear the entire burden of the failsafe's cost savings.

Tougher Deal with the Pharmaceutical Industry

In 2007, America spent \$227.5 billion on prescription drugs, according to CMS National Health Expenditure Data resulting in record profits for pharmaceutical manufacturers. With the expansion of coverage planned under this legislation, the industry will do even better.

The pharmaceutical industry is able to shoulder a greater share of the responsibility for fixing a system which has facilitated their prosperity. I present below a range of options that would lower the cost of prescription drugs:

1. Allow the re-importation of prescription drugs from Canada or the European Union.
2. Empower the federal government to negotiate bulk discounts on prescription drugs purchased for Medicare Part D beneficiaries.
3. Demand the same discounts for low income seniors in Part D as are enjoyed by Medicaid recipients.
4. Reduce the 12 years of protection from generic competition which the legislation currently extends to brand name manufacturers of biologic drugs.

A Strengthened Health Insurance Exchange

U.S. PIRG supports the establishment of health insurance exchanges and appreciates their inclusion in the bill. The larger risk pools, increased transparency, and new consumer protections included in these exchanges constitute a dramatic improvement over today's individual market for American families and small businesses.

However, we ask you to further strengthen these provisions by allowing exchanges to bargain for the best deals for consumers. Senator John Kerry has offered an "active purchaser" amendment during the Senate Finance mark-up. The Massachusetts Connector has been able to use a similar power to help hold down the rising costs of care, and this amendment would allow the federal exchanges to build on that success.

On behalf of U.S. PIRG, I thank you for your extraordinary leadership bringing this historic legislation to the floor of the U.S. Senate. As the debate proceeds, we stand ready to work with your office and the members of the Senate to strengthen and pass the Patient Protection and Affordable Care Act of 2009.

Yours truly,

Larry McNeely

Health Care Advocate