

**Congress of the United States**  
**Washington, DC 20515**

The Honorable Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

The Honorable John Boehner  
Speaker of the House of Representatives  
U.S. House of Representatives  
232-H U.S. Capitol  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
204-H U.S. Capitol  
Washington, D.C. 20515

Dear President Obama, Speaker Boehner and Leader Pelosi:

As negotiations on the fiscal cliff continue, we urge you to address the largest and fastest growing area of federal spending – health care. We must keep moving away from fee-for-service health care and toward a system that provides better care at a better cost. We urge you to build on delivery system reforms and find further efficiencies through incentivizing the value of care provided instead of the volume of care.

A recent Institute of Medicine (IOM) study shows that 30 percent of health care dollars are wasted, including hundreds of billions of dollars for unnecessary or ineffective tests and procedures that don't help patients. The IOM estimated the total waste and inefficiency in our health care system amounts to \$750 billion every year. To put that number in context, the study notes that amount of waste is \$100 billion more than the 2009 Department of Defense budget. Other recent studies by Thomson Reuters and consulting firm McKinsey found similar waste and inefficiency in the U.S. health care system. Such staggering waste is troublesome but also presents an opportunity to both lower costs and improve the quality of care for patients.

Fortunately, there are models of care in our country that focus on the value of care and provide high quality at lower costs. They do so by adopting integrated and fully coordinated care systems that focus on the patient rather than on procedures. These results indicate that incentivizing health care providers to follow similar models would save billions of dollars and better the overall outcomes of health care across the country.

We fear that beneficiary and indiscriminate provider cuts will first be used to reduce health care spending as part of the fiscal cliff negotiations. Such across the board provider cuts disproportionately harm low-cost, high-quality providers and the patients they serve. Instead, we believe robust value based payment and delivery system reforms will not only be better for the Medicare beneficiaries, but they will also put Medicare on a faster track toward efficiencies and better outcomes as seen in the private sector today.

Health care delivery system reforms already in place will make historic improvements in the quality of care patients receive and help control health care costs. We believe it's possible to

continue reducing health care costs and improve quality by further changing how we pay for health care. The private insurance market is moving toward paying for value and many Republican and Democratic health policy leaders have called for further movement towards a value-based delivery system.

We again urge you to further expand value based payments to incentivize higher-quality, lower-cost care as part of any agreement reached to eliminate or delay the fiscal cliff. We look forward to working with you to strengthen our health care system and reduce federal health care spending as fiscal cliff negotiations continue.

Sincerely,

Ron Kind

Bruce Beahm

Betty McCollum

Tom Arty

Pat Skellern

Kurt Schneider

Les J. May

Paul Blumenthal

Dean P. Latta

Chris Lee

Dave Lusk

Ch. Ziegler

Pat Welch

Ever Moore

Keith Ellison

Kelly DeZure

John J. ...

Leonard L. ...

Alfred ...

Arnold E. ...