

December 8, 2008

The Honorable Thomas A. Daschle  
Office of the President-elect  
451 Sixth Street, NW  
Washington, DC 20004

Dear Secretary-designate Daschle:

On behalf of all American consumers, U.S. PIRG applauds the President-elect's decision to place comprehensive health reform high on his first year agenda. Americans are paying more and more for health care, and they aren't getting their money's worth. An average employer-provided family health policy already costs well over \$12,000 and it could double by 2016. With the economy already making it hard for business and families to pay for the coverage they have, America cannot afford to wait for health reform

Next year's health reform legislation must focus on the root cause of our current crisis. Our health care system's skewed incentives encourage costly misplaced care, expensive insurance bureaucracy, and inflated prescription drug prices. Taking on these core problems is the only way to produce the lower costs that all Americans want. It is the only way to sustain, politically or economically, the extension of coverage.

U.S. PIRG is confident that the Obama administration will work with Congress to maximize cost-containment measures as part of comprehensive reform. As the new administration translates its campaign commitments into policy, U.S. PIRG offers the following suggestions to help "bend the curve" of health care costs:

**Lower Wasteful Spending While Improving Quality**

- Require all payers' payment systems to reward primary care
- Require all payers to incentivize coordination of care through medical homes, community health teams, and multi-specialty groups
- Require all payers to incentivize adoption of innovative pay for performance, bundling and capitation approaches to payment reform
- Mandate improved transparency from all providers and insurers
- Dramatically expand federal support for comparative effectiveness research, while accounting for disparate health needs of diverse populations

**Reduce Unnecessary Acute Care by Prioritizing Prevention**

- Require all payers to eliminate cost-sharing for basic, evidence-based preventive care and chronic disease management

- Require all payers to offer wellness incentives, screen for chronic diseases, and develop a wellness plan as part of initial primary care visits
- Reorients our system toward prevention, wellness, and self care by building on S. 3674, the 21<sup>st</sup> Century Wellness Act (sponsored by Senator Hillary Clinton), and S. 1342, the Healthy Education Lifestyles and Prevention Act (sponsored by Senator Tom Harkin).

#### **Cut Unnecessary Administrative Costs**

- Require standard forms and procedures for enrollment, credentialing, billing and insurance payment across all payers
- Phase in electronic medical records, while protecting privacy
- Cap insurers' administrative expenditures to 15% of premium dollars

#### **Tame Prescription Drug Costs**

- Limit industry's gifts and payments to physicians and require drug companies to disclose more information about their marketing practices
- Authorize all federal programs to negotiate for the best possible prescription drug prices
- Eliminate drug company kickback arrangements to keep lower-cost generics off the market

Special interests have amassed huge profits from the inefficiencies and waste in today's health care market, and they ultimately will line up against real change. When they do, they will take their case to the American people. The Obama plan can win passage only if ordinary Americans believe it will help them deal with rising costs.

U.S. PIRG stands ready to help the Obama administration win strong cost-conscious health reform. This January, our Affordable, Dependable Healthcare Campaign will launch a national mobilization of consumers and community leaders to support this goal.

As the transition continues, we would welcome the opportunity to meet with you or your staff to discuss this issue further. Thank you for all your efforts on health reform.

Yours truly,

Larry C. McNeely II  
Health Care Advocate