Congress of the United States
House of Representatives
Washington, DC 20515

April 20, 2011

The President
The White House
Washington D.C. 20500

Dear Mr. President:

We are encouraged that you agree with us that reforming the Medicare program is a critical component of tackling America's debt crisis. Medicare, if left on its current path, will see its Hospital Insurance Trust Fund go bankrupt in 2020 and will be unable to provide benefits for future generations of Americans – an outcome we will not accept. As such, we appreciate your willingness to put forth Medicare reform concepts in your speech earlier this week. However, as our Committees seek to reform the Medicare program, we require much more information before we can properly consider the savings targets you have proposed. You referenced $340 billion in Medicare and Medicaid savings by 2021, $480 billion by 2023, and "at least an additional $1 trillion in the subsequent decade" but it is unclear from where or how those reductions in spending are achieved. With regard to the following policy areas, we have several questions for which we respectfully request you provide answers.

IPAB
Your policy document mentioned "strengthening" the Independent Payment Advisory Board (IPAB). Do you recommend making all providers subject to IPAB cuts beginning in 2014?

To what degree do you expect your IPAB ideas will reduce Medicare spending by 2021, 2023, and the subsequent decade? What is the source of those estimates?

What specifically do you mean by "giving the IPAB additional tools to improve the quality of care while reducing costs, including allowing it to promote value-based benefit designs?" Would this require a statutory change given that IPAB is not currently allowed to consider changes to the Medicare benefit package?

Patient Safety
You touted an initiative your Administration rolled out on Monday to reduce hospital readmissions and hospital-acquired conditions. It appears as though this initiative is simply implementing provisions in the Democrats' health care overhaul which the nonpartisan Congressional Budget Office estimates will reduce Medicare spending by roughly $12 billion over the next decade. Yet your proposal claims this initiative will save $50 billion over this

same time period. What is the source of this estimate and how would your proposal specifically change current law?

Medicare Part D

You propose limiting "excessive payments for prescription drugs by leveraging Medicare's purchasing power" and "prohibiting brand-name companies from entering into 'pay for delay' agreements with generic companies." Which specific changes would you make to Medicare Part D and how much do you anticipate each change would save? Are you suggesting Medicaid-style rebates in Part D? If so, for which beneficiaries? Are you proposing repeal of the "non-interference" provision in Part D? You estimate your proposal would reduce Medicare spending by $200 billion over ten years. What is the basis for your savings estimates?

In order to meet our shared goal of keeping Medicare solvent for future generations by controlling spending, we intend to examine all proposals. We ask that you provide this additional clarification so that we can fully understand and evaluate the new Medicare proposals you have put forward. We thank you for your commitment to protecting Medicare for future generations and hope that you will work with us in the months ahead to achieve that goal.

Sincerely,

DAVE CAMP
Chairman
Committee on Ways and Means

FRED UPTON
Chairman
Committee on Energy and Commerce

Cc: Secretary Kathleen Sebelius, Secretary of Health and Human Services
Administrator Donald Berwick, Centers for Medicare and Medicaid Services