New Democrat Coalition

Rep. Ellen O. Tauscher, Chair
Rep. Joseph Crowley, Whip
Rep. Melissa Bean, Vice-Chair
Rep. Ron Kind, Vice-Chair
Rep. Allyson Schwartz, Vice-Chair
Rep. Adam Smith, Vice-Chair

Speaker Nancy Pelosi
H-232, The Capitol
Washington, DC 20515

Majority Leader Steny Hoyer
H-107, The Capitol
Washington D.C. 20515

Honorable Henry Waxman
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Honorable Charles Rangel
Chairman
House Committee on Ways & Means
1102 Longworth House Office Building
Washington, DC 20515

Honorable George Miller
Chairman
House Committee on Education and Labor
2181 Rayburn House Office Building
Washington, DC 20515

June 10, 2009

Dear Speaker Pelosi:

On behalf of the New Democrat Coalition, representing 69 Members of Congress, we applaud you and President Obama for making health care reform an urgent and top priority for the 111th Congress. Action to address this issue is long overdue, and New Dems are committed to join your efforts to see this through. We also want to thank you and Chairmen Rangel, Waxman and Miller for working so closely with the members of the Democratic caucus to find common ground on how we achieve reform.

On May 14th, you, along with the rest of the House Leadership, met with members of the New Democrat Coalition regarding our ideas on health care reform, and we promised to provide you with additional recommendations on how we can make health insurance more affordable and accessible for American families and businesses. We appreciate your willingness to consider our suggestions. While we want to reiterate that many of our Members remain concerned about any public option, attached please find the framework we believe must be applied to any legislation brought before the House that includes a public option.

We also want to reiterate our belief that any effort to expand coverage must build upon the strengths of the private health insurance market by instituting reforms to make private coverage affordable and meaningful. Over 158 million Americans are currently participating in private, employer-sponsored health insurance, and the vast majority of those covered are pleased with their coverage. That is why the New Dems believe we must make sure that Americans who are happy with their current coverage are able to keep it, while providing affordable access to those who are not covered. We also believe that any comprehensive health reform proposal should contain costs, improve patient care, harness new technologies and innovation, reform our insurance market and ensure we have a viable health workforce to continue to provide effective, quality care in the future.

Again, we thank you for your leadership on health reform and look forward to working with you to provide greater access to affordable health care to Americans.

Sincerely,

Representative Ellen O. Tauscher

Representative Joseph Crowley

Representative Melissa Bean

Representative Ron Kind

Representative Adam Smith

Representative Allyson Schwartz

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Public Option Framework

Compete on a level playing field

- A public option should not be based on Medicare reimbursement rates.
- A public option should not compel doctors and hospitals to participate in a public plan because they participate in Medicare.
- A public option must be self-sustaining. It should pay claims with money raised from premiums and co-payments. It should not receive tax revenue or appropriations from the government, utilize the Medicare claims processing system, or rely upon the General Treasury for overruns in administrative costs.
- Any subsidies made available by the federal government to purchase health insurance should be made available for people who enroll in a private or public health care plan.
- A public option should not be managed by those who regulate the insurance market.
- A public option must be actuarially sound. The benefits, rating rules, and other features of a public option must abide by the same rules as private plans.
- A public option must pay state premium taxes in the same manner as private plans.
- A public option would have to follow rules on standards for a complete network of providers, marketing rules, and patient appeals of claims denials.
- A public option must establish a reserve fund in the same way that private plans are required to do so now.

Accountability

Congress should establish a commission to review and determine the effect of the public option on the marketplace and whether it is improving competition and other quality improvement metrics after 4 years. The commission would report its findings to Congress with a recommendation of how to proceed and Congress would be required to act on these findings.

The health care industry should also be encouraged to deliver on its pledge to reduce the annual growth rate in health care costs by 1.5 percentage points through improvements in the value of the health care it delivers. While no industry sector should be held accountable for the failings of other sectors, each player should be held accountable for its share of the commitment to reducing costs and improving quality.