Congress of the United States
Washington, DC 20515

July 9, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
H-107, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Majority Leader Hoyer:

As members of the fiscally conservative Democratic Blue Dog Coalition, we write today to express our strong reservations about the process and direction of the draft tri-committee health care reform proposal. We share President Obama's deep commitment to passing comprehensive, deficit-neutral health care reform that lowers costs for American families and businesses, increases the quality of care provided, and expands access for every American. We also believe that the process by which we get there is critically important if we hope to develop responsible health care reform legislation that accomplishes all of these goals.

After reviewing the draft tri-committee health care reform proposal, we believe it lacks a number of elements essential to preserving what works and fixing what is broken. Following are our initial thoughts, and we hope to see a draft at some point that substantially addresses each key item:

Deficit Neutrality – President Obama has repeatedly called for a health care bill that "must and will be paid for." We do not support health care reform that is not deficit neutral. We have to take steps to control the cost of health care if we ever hope to put our country back on a fiscally sustainable path. As the Senate has done, this may require us to pare back some of the cost-drivers in order to produce a bill that we can afford. We also firmly believe that paying for health care reform must start with finding savings within the current delivery system and maximizing the value of our health care dollar before we ask the public to pay more.

Delivery System Reform – We must be much more aggressive in bending the cost curve. The discussion draft fails to include adequate structural changes that will succeed in lowering costs and increasing value. We cannot simply "add" new consumers to a broken system. The inclusion of pilot programs on Accountable Care Organizations and Medical Homes are good first steps, but innovative delivery system reforms, such as value-based purchasing and the value index, would properly realign incentives to promote high quality, efficient care.

Small Business Protections – Any additional requirements for employers must be carefully considered and done so within the context of what is currently offered. Small business owners and their employees lack coverage because of high and unstable costs – not because of an unwillingness to provide or purchase it. We cannot support a bill that further exacerbates the challenges faced by small businesses.

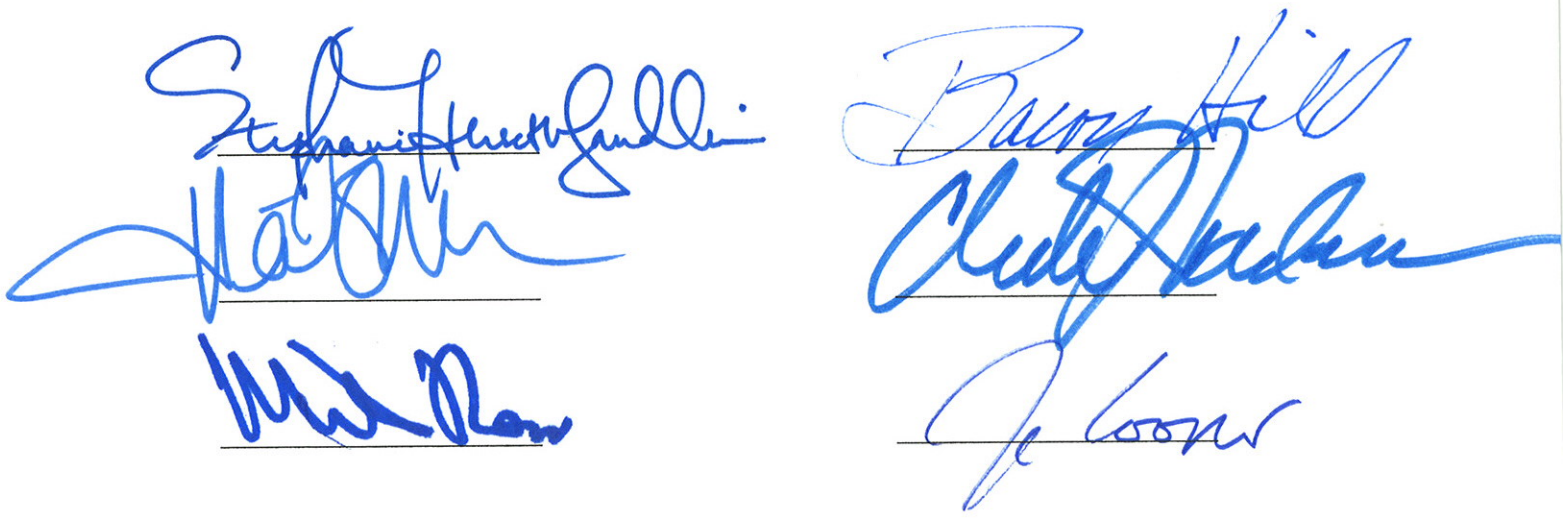
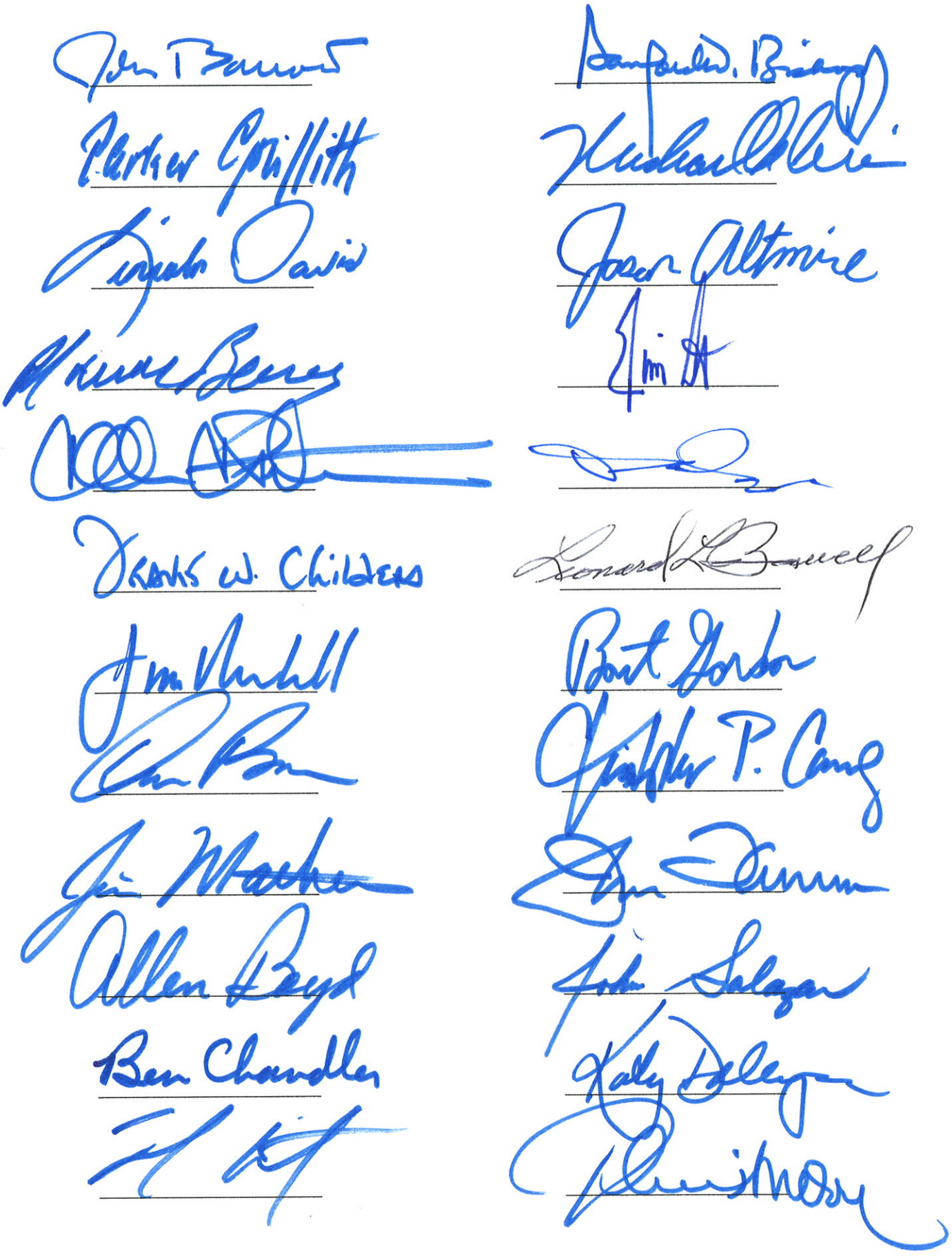
PRINTED ON RECYCLED PAPER

Rural Health Equity – Rural communities face unique challenges in delivering health care, and our reform efforts must not overlook them. The short-term extensions of rural provisions included in the discussion draft are critical, but we must not fail to address the underlying problems and inequities that plague rural providers. A strong rural package is critical to our support.

Bipartisanship – It is imperative that comprehensive health care include the ideas of members of Congress on both sides of the aisle. The American public is looking for us to work together, regardless of party affiliation, to pass comprehensive health care reform.

We also wish to reiterate our support for the recommendations previously made by our Coalition regarding how to appropriately structure a public option. In order to establish a level playing field, providers must be fairly reimbursed at negotiated rates and their participation must be voluntary. A "Medicare-like" public option would negatively impact hospitals, doctors and patients. Medicare reimbursement is on average 20 to 30 percent lower than private plans and this inequity is even greater in some parts of the country. Using Medicare's below-market rates would seriously weaken the financial stability of our local hospitals and doctors.

Finally, any health care reform legislation that comes to the floor must be available to all Members and the public for a sufficient amount of time before we are asked to vote for it. This includes any amendments or changes to the bill included as part of the rule. We need time to review it and discuss it with our constituents. Too short of a review period is unacceptable and only undermines Congress' ability to pass responsible health care reform that works for all Americans.

From where we are today, significant progress on the draft tri-committee health care reform proposal needs to be made in order to address each of these concerns. We cannot support a final product that fails to do so. We stand ready to work with you to fulfill President Obama's goal and lower the cost of health care for American families and businesses.

Sincerely,