

Congress of the United States
Washington, DC 20515

July 21, 2009

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

Dear Chairman Waxman:

We commend you for your important work to reform our country's broken health care system. As the House continues consideration of H.R. 3200, America's Affordable Health Choices Act, we are writing to express our appreciation for your inclusion of two provisions in the legislation that are vital to the economy of our region and the health care delivery system of the entire nation. Accordingly, we respectfully request their retention as the legislative process moves forward.

Specifically, Section 1158 of the bill currently contains language that would ensure that, as we continue the long overdue work of reforming our health care system, we preserve the ability of some of America's leading hospitals to continue their indispensable mission of preparing the next generation of physicians and other health professionals for careers in the practice of medicine. Section 1159 as currently drafted would retain the prerogatives of Congress to review and consider recommendations made in the Institute of Medicine (IOM) study of geographic variation in health care spending so that no alterations of Medicare payments that may be proposed in the IOM study would be implemented without congressional action.

We believe that both of these sections are essential provisions within H.R. 3200 that should be preserved as this landmark bill moves through the legislative process.

The proposals in both Section 1158 and Section 1159 build on the work of Elliot Fisher and other Dartmouth researchers on geographic variation in Medicare spending. While the Dartmouth data demonstrate that cost variations exist, what they do not demonstrate is why these variations exist. Thus, we strongly believe that additional study of these issues is necessary, as called for under Sections 1158 and 1159 in their current forms. It would be premature to make major revisions to Medicare policy payments, as some have proposed, without additional research connecting variations in spending with the true causes of those variations.

While we continue to endorse the concept of shared responsibility, we are concerned that such proposals could result in Massachusetts disproportionately getting less and paying more than other states. For example, proposals that would direct the Secretary to lower payment to high cost areas without additional study would lower payments to Massachusetts, which has higher costs than the national average, but it is not clear these proposals would do anything to guarantee better outcomes or treatment for patients, and in fact these changes could potentially undermine the quality of care.

The Dartmouth data raise more questions than they actually answer about why these variations are occurring. A policy approach relying solely on data on cost variations without a thorough

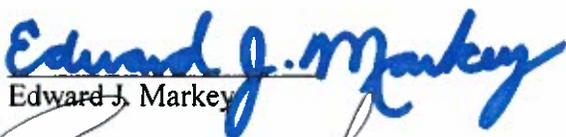
understanding of the underlying causes of these variations could harm patients and penalize those who care for the most complex cases, such as major teaching hospitals in our communities. Additionally, there are studies that cast doubt on the magnitude of the geographic spending variations and the source of the variations that Dartmouth researchers have found. In general, race, socio-economic status and other cultural/demographic factors are not adequately considered in the Dartmouth data. The population in Boston may have very different health care needs from other areas of the country, but the Dartmouth data do not reflect the potential impact of these factors.

Other analyses of the Dartmouth data note that they do not capture some unique demographic and workload issues facing higher-spending hospitals, including teaching hospitals, which help explain the variations in spending. Furthermore, while the Dartmouth researchers conclude that higher spending in Medicare does not lead to higher quality outcomes, there is also research to suggest that when all costs are measured, quality appears to be higher where there is greater spending.

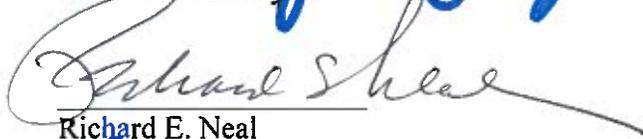
Taken together, all of these factors point to why additional research and deliberation are needed before any steps are taken to redistribute Medicare payments among providers in different geographic areas.

We look forward to continuing to work with you on this issue.

Sincerely,

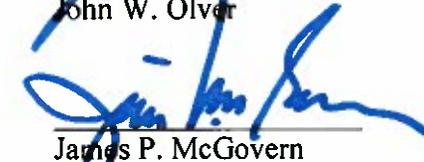

Edward J. Markey

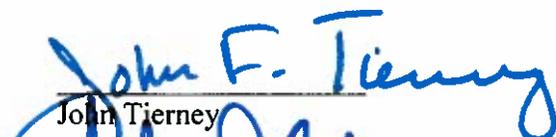

Barney Frank


Richard E. Neal

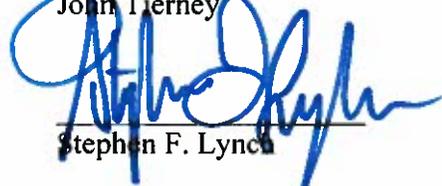

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