



United States Government Accountability Office
Washington, DC 20548

Comptroller General
of the United States

July 7, 2006

Citizens Health Care Working Group
Suite 575
7201 Wisconsin Avenue
Bethesda, MD 20814

Dear Citizens Health Care Working Group (CHCWG):

I am writing in response to the interim recommendations of the Citizens Health Care Working Group (CHCWG). The CHCWG is charged in legislation with developing recommendations based on information it has gathered from hearings with experts and from meetings with a range of American Citizens regarding their views of the health care system in the United States. The interim recommendations have been posted for a 90-day public comment period to be followed by development of final recommendations that will be submitted to the President and to Congress. This important effort is intended to provide information that hopefully will significantly advance improvements in the health care system for all Americans in an affordable and sustainable manner.

I appreciate the CHCWG members' hard work over the past year in reaching out and listening to American citizens through a number of hearings, community meetings, Web sites, and other venues. I also appreciate the CHCWG's efforts to learn from experts about health care access, cost, quality, and affordability issues at hearings conducted across the nation. I understand that the results of this expert testimony were compiled in a report shared with citizens at community meetings as important background information to provide a context for discussion. Furthermore, I understand that the merging of the citizens' and experts' input served as a basis for developing the CHCWG's interim recommendations.

To supplement your important efforts to-date, I would like to offer several observations for consideration as the CHCWG takes steps to develop its final recommendations.

- From an overall perspective, the role of the CHCWG in bridging the desires of citizens with the fiscal and other realities this country and American businesses face is both challenging and of critical importance. I suggest that in a preamble or other introduction to the final recommendations, the CHCWG make explicit its approach in merging the public's views with those of the experts. This is essential since while citizens' wants may be great, our nation's

resources are not unlimited. Effectively addressing this and other “expectations gaps” will be an essential element for any successful health care reform effort.

- One of the realities that needs to be considered is the large and growing long-term fiscal gap facing the U.S. government. In my own presentation to the CHCWG at a hearing in July 2005 in Salt Lake City, I shared information from GAO’s 21st Century Challenges report, as well as from our May 2004 forum report on federal fiscal trends and implications for health care reform. These two documents illustrate some of the key issues faced by our government that must be considered in connection with any effort to improve Americans’ access to health care coverage. For example, the total unfunded obligation for the current Medicare program alone was approximately \$30 trillion and growing as of September 30, 2005.

Given the above fiscal gap, I am concerned about the ambiguity of the language in the first recommendation (It should be public policy that all Americans have affordable health care). Reference is made to “universal coverage” without adequate explanation of the level of coverage or how such coverage will be financed. I urge the CHCWG to consider its recommendations for financing in the light of our overall fiscal constraints and the need to maintain the competitive position of American businesses. The CHCWG needs to be explicit with regard to the level of coverage that is being recommended and how it would be financed. Failure to effectively address these issues could cause many readers to discount the CHCWG’s important work and related recommendations.

- The second preliminary recommendation (Define a “core” benefit package for all Americans) includes a “core” benefit package that involves a broad array of wellness, prevention, and treatment and management services throughout an individual’s lifespan. Would this coverage be in lieu of the current Medicare and possibly Medicaid programs? The CHCWG needs to be clear in this regard and hopefully discuss a proposed transitional approach.

Given the need for fiscal feasibility, I urge the CHCWG to consider two levels of benefits that are structured somewhat differently from the interim recommendation. The first level would be a “basic and essential” package that would be universal and possibly financed primarily through the government, and the second would be one or more broadly defined levels of coverage with multiple financing sources. The supplemental levels of coverage would be available for purchase to citizens who can afford it through their employer, union, or professional, industry or trade association. The indigent would receive an appropriate level of coverage through federal and/or state and local governments.

The basic and essential package might consist of coverage for inoculations, some preventive and wellness services, and protection from financial ruin due to a catastrophic accident or illness. The supplemental package(s) would consist of coverage for a broader range of acute and specialty services. Both

types of coverage should include provisions to avoid inappropriate provision of care including “heroic measures” that do not serve to meaningfully improve or extend life.

- In recommendation number five (Promote efforts to improve quality of care and efficiency), the CHCWG recognizes the role that the federal government can play in improving quality and efficiency in public programs such as Medicare, Medicaid, Community Health Centers, TRICARE, and Veterans Health care. I encourage the CHCWG to consider recommending the use of public programs even more aggressively. For example, the Veterans Administration, federal employee health programs, and Medicare could be used as possible “betas” for testing quality and efficiency reforms. The more effective these reforms, the greater the government’s ability to finance health care coverage while making room in the budget for other priorities, such as national defense, homeland security, education, the environment, and the nation’s infrastructure.

Furthermore, improving quality of care and efficiency needs to address the expanded use of technology to promote economy, improve quality and enhance awareness while protecting a person’s privacy. Certain additional issues not addressed in the interim report may merit consideration, for example limiting advertising of prescription drugs, leveraging government’s purchasing power, employing additional large case management approaches, and reconsidering eligibility requirements for existing health care programs.

- Finally, the CHCWG’s interim recommendations appear to be largely silent on the establishment of national practice standards, which would be a key step toward reducing unwarranted differences in medical practices across the nation. Researchers have found that medical practice variation results in the delivery of unneeded care and is driven largely by an area’s supply of medical resources rather than by clinical decisions. The federal government can be instrumental in fostering, through a public-private entity, the development of national practice standards grounded in evidence-based medicine. Such standards could serve to control cost, improve quality, and reduce malpractice litigation.

In closing, we—as stakeholders in the nation’s health care system—must be mindful of the tension generated by the wide gap in expectations among patients, providers, and payers. At the present time, patients’ and providers’ expectations are not well-aligned with what health care programs can realistically deliver and sustain. The CHCWG has a unique opportunity, through its final recommendations, to educate Americans about the differences between unlimited wants and real needs. It can also help the American people understand that our current system is not fiscally sustainable and that health care reforms need to be reasonable, responsible, equitable, affordable, and sustainable at both the individual and aggregate levels.

I congratulate the CHCWG on its major outreach efforts in this regard to-date and look forward to its final recommendations. Please don't hesitate to contact me if you have any questions regarding this correspondence.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. M. Walker", followed by a horizontal line extending to the right.

David M. Walker
Comptroller General
of the United States

cc: Senator Orrin Hatch
Senator Ron Wyden