



June 30, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama,

As the Congress considers legislation reforming our health care system, many difficult choices lie ahead. During the debate, we must keep our eyes trained on one clear imperative: reforming health care is necessary not just to improve the health of all Americans, but also to remove the burden that is crushing America's businesses and hampering our competitiveness in the global economy.

As the nation's largest private employer, the nation's largest union of health care workers with over one million members, and a think tank that has been a leader on health care policy, we have worked closely in support of health care reform since 2006, when we came together to help break the stalemate that had defined the health care debate for too long. Now, to move the debate forward once again, we are coming together to advance what we believe are important proposals that should be included in the current efforts to reform our nation's health care system.

We believe now is the time for action on this vital issue. We commend the leadership of elected officials who are committed to enactment of reform, and we appreciate the commitment to inclusion and transparency which has been present thus far.

We are entering a critical time during which all of us who will be asked to pay for health care reform will have to make a choice on whether to support the legislation. This choice will require employers to consider the trade off of agreeing to a coverage mandate and additional taxes versus the promise of reduced health care cost increases.

Today, health care costs more because we don't cover everyone – the average family premium costs an additional \$1,100 because our system fails to provide continuous coverage for all Americans. And losing coverage pushes people already dealing with financial hardship to the verge of financial collapse. One accident or unexpected illness can financially ruin them. In 2008, half of all people filing for home foreclosure cited medical problems as a cause.

A large and growing uninsured population also cripples our broader economic growth. The higher taxes and premiums needed to meet rising health care costs threaten to consume the benefits of nearly all economic growth over the next four decades, according to research published in the journal *Health Affairs*. And the U.S. economy is losing up to \$244 billion every year in lost productivity due to the uninsured according to a new analysis by the Center for American Progress.

From a business perspective, health reform could not be more critical. A majority of Americans—158 million—receive their coverage through their job or their spouse’s job, according to the Kaiser Family Foundation. But few businesses will be able to keep up with the pace at which premiums are rising. Premiums are expected to rise by 20 percent in less than four years, according to research by professors at Harvard University -- costing 3.5 million workers their jobs, and cutting insured workers’ average annual incomes by \$1,700.

Fiscally, the growing cost of health care is poised to drive our federal budget over a cliff. A recent report by the Senate Finance Committee found that by 2017, “health care expenditures are expected to consume nearly 20 percent of the GDP.” In his former role as Director of the Congressional Budget Office (CBO), current Office of Management and Budget Director Peter Orszag testified to Congress that, “the single most important factor influencing the federal government’s long-term fiscal balance is the rate of growth in health care costs.”

We believe payment reform and efficiency initiatives need to be at the center of healthcare reform. The President and the Congress have put forward good ideas to improve the productivity of our health care sector. These policies need to be strengthened and adopted because health care reform without controlling costs is no reform at all.

We are for shared responsibility. Not every business can make the same contribution, but everyone must make some contribution. We are for an employer mandate which is fair and broad in its coverage, but any alternative to an employer mandate should not create barriers to hiring entry level employees. We look forward to working with the Administration and Congress to develop a requirement that is both sensible and equitable.

Support for a mandate also requires the strongest possible commitment to rein in health care costs. Guaranteeing cost containment is essential. One way to ensure savings was recently advanced by former Senate Majority Leaders Howard Baker, Tom Daschle and Bob Dole, “Implement pre-specified targets for spending growth and enact a “trigger” mechanism that automatically enforces reductions,” (Crossing Our Lines, Bipartisan Policy Center) President Obama suggested strengthening the role of Med Pac to help enforce spending discipline.

With smart, targeted policies, we can create a financially-viable health care system that enables workers to change jobs without losing their care, and allows businesses to become more nimble. Health care costs will no longer stand in the way of their ability to retool for the 21st century. Focusing on health care cost savings – and demonstrating a strong commitment to achieving these savings– would make this bill a win / win for employers, individuals and America’s competitiveness.

Respectfully,



John Podesta
President & CEO
Center for American Progress (CAP)



Andrew L. Stern
President
Service Employees International
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