

NEWS FROM U.S. SENATOR SHELDON WHITEHOUSE

FOR IMMEDIATE RELEASE

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**Whitehouse to Obama: No Need to Cut Medicare**  
***RI Senator Calls on President to Set Clear Cost-Savings Target for Health Care System Instead of Cutting Medicare Benefits***

Washington, DC – As President Obama and Congressional leaders continue to negotiate towards a deal that will prevent a series of automatic tax increases and spending cuts in January, U.S. Senator Sheldon Whitehouse (D-RI) is making the case that Medicare benefit cuts should be off the table in these discussions. In a letter today to President Obama, Whitehouse argues that we don't need to cut benefits to save money in Medicare, and calls for the establishment of a specific goal for system-wide health care cost savings that will strengthen the program for our seniors.

“A clear and specific presidential target will focus federal efforts in an accountable manner, that calls to ‘bend the health care cost curve’ will not,” Whitehouse wrote. “With so many voices in Washington now calling for cuts to Medicare and Medicaid as part of a deal on the so-called ‘fiscal cliff,’ cost savings through delivery system reforms are key to preserving and strengthening these programs without hurting the middle class.”

The letter notes that a variety of studies have estimated that it is possible to save anywhere from \$700 billion to \$1 trillion per year in our health care system, without affecting the quality of care. Since the federal government is responsible for 40 percent of our total health care spending through expenses in Medicare, Medicaid, and other programs, pursuing these savings could reduce our deficit by hundreds of billions of dollars over the next decade even if we only achieve a portion of what is possible – strengthening Medicare's fiscal solvency without cutting benefits.

Whitehouse's letter also notes that many of the tools needed to pursue these savings were contained in the new health care law – the Affordable Care Act. Earlier this year, the Senator published [a report](#) which highlighted the Obama Administration's progress in implementing those parts of the law, as well as their vast potential for improving care while lowering costs.

A related Op-Ed by the Senator was published in Politico this morning and [can be read here](#).

The full text of Whitehouse's letter is below.

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December 5, 2012

President Barack Obama

The White House  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Mr. President:

I write to urge you to empower your allies during the ongoing negotiations on our nation's debt and deficit, by identifying and establishing a cost-savings target for health care delivery system reform. Skyrocketing costs in our overall health care system are contributing significantly to the U.S. budget deficit problem, and to the cost of middle-class programs like Medicare and Medicaid. Rather than cutting benefits, we should improve our health care system to reduce overall costs and improve the quality of care.

Economists across the political spectrum agree that significant savings can be achieved in our health care system without affecting the quality of care. Your Council of Economic Advisors estimated that over \$700 billion a year can be saved without compromising health outcomes; the Institute of Medicine has recently put this number at \$750 billion; the New England Healthcare Institute reported that it is \$850 billion annually; and the Lewin Group and former Bush Treasury Secretary Paul O'Neill have estimated the annual savings at \$1 trillion.

Whatever the exact savings number, a clear and specific presidential target will focus federal efforts in an accountable manner, that calls to "bend the health care cost curve" will not. With so many voices in Washington now calling for cuts to Medicare and Medicaid as part of a deal on the so-called "fiscal cliff," cost savings through delivery system reforms are key to preserving and strengthening these programs without hurting the middle class. Without a specific target declared by the executive branch of government, advocates for such a strategy are left at sea in this debate.

Indeed, if your Council of Economic Advisors' \$700 billion savings estimate is correct, since 40 percent of America's health care spending is federal, we could save over \$80 billion a year if we only achieved 30 percent of the potential. Over a ten-year budget period, that amounts to \$800 billion in federal health care savings – all without taking away any benefits, while likely improving care.

As I chronicled in a report for the Senate Health, Education, Labor, and Pensions (HELP) Committee earlier this year, our Affordable Care Act already contains many of the tools we need to achieve significant cost savings. I encourage you to seize this moment to establish a cost-savings goal for your Administration's ongoing efforts. I am attaching a copy of my HELP Committee report for your review, and I would be happy to work with you and your staff to define this goal.

Sincerely,

Sheldon Whitehouse  
United States Senator

cc: The Honorable Harry Reid  
Majority Leader  
United States Senate

The Honorable Charles Schumer  
United States Senate

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