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CONTACT:

Matt Thornton, Whitehouse, (202) 228-6293
Justine Sessions, Harkin, (202) 224-3254
Matt McAlvanah, Murray, (202) 224-2834
Brian Fallon, DPCC/Schumer, (202) 224-2939
Cullen Schwarz, Stabenow (202) 224-1437

SENATE DEMOCRATS TO McCONNELL: TO FIND SAVINGS IN MEDICARE, BUILD ON DELIVERY SYSTEM REFORMS AND LEAVE SENIORS' BENEFITS ALONE

**The Affordable Care Act Provided Important Tools That Have Already
Shown Massive Potential For Savings, Without Cutting Seniors' Benefits**

**'Delivery System Reforms' Save Money by Improving the Quality of Care
and Reducing Readmissions, Reducing Administrative and Medical Errors,
And Increasing Coordination Across Care Providers**

**Fully Implementing Reforms and Expanding Existing Pilot Programs
Could Save Hundreds of Billions of Dollars and Cut Costs for Seniors
Without Cutting Their Benefits**

Washington, DC – Today, U.S. Senators Sheldon Whitehouse (D-RI), Tom Harkin (D-IA), Patty Murray (D-WA), Charles E. Schumer (D-NY), and Debbie Stabenow (D-MI) called on Senate Republicans to abandon their plan to end Medicare as we know it or any other proposal that entails cuts to seniors' Medicare benefits and instead ensure the long term solvency of the program by building on the cost-saving reforms put in place by the Affordable Care Act (ACA). The Senators said that the healthcare law put in place a number of "delivery system reform" policies to encourage innovation and efficiency in the delivery of health care to America's seniors. These reforms, some of which are currently in the pilot program stage across the country, have already shown the promise of saving many billions of dollars a year and greatly extending the life of Medicare. The Senators said that instead of working to end Medicare, Republican legislators should be building and expanding on these reforms.

In a letter to Senate Republican Leader Mitch McConnell, the Senators said: “The House-passed Ryan Budget overlooks the fact that significant changes to our health care system are already underway thanks to the health care law that was passed last year. To protect Medicare, we should build on these kinds of delivery system reforms, rather than cut seniors’ benefits.”

The Affordable Care Act included a number of novel tools and programs to encourage innovation in the delivery of health care. These delivery system reforms fall into five priority areas: quality improvement, prevention, payment reform, administrative simplification, and information technology. Each priority area promises to save money by improving the quality of care.

The Affordable Care Act helps achieve that goal by placing significant emphasis on high quality care and patient safety. Under the law, the Center for Medicare and Medicaid Services (CMS) will move beyond just paying health care claims to improving health and the quality and affordability of health care. CMS is working toward a health care delivery system that will reduce avoidable hospital readmissions and at the same time create incentives to foster a more person-centered health care approach. The new ACA policies envision health care truly becoming an integrated, collaborative approach as diagnoses, treatments, prescriptions, and patient interactions are captured, stored, and immediately available to relevant and appropriate health care providers. This improved health care system will significantly reduce redundancies, needless delays, and unwarranted referrals, thereby saving money and improving the quality of care.

Program changes made in the Affordable Care Act have improved substantially the outlook for Medicare and thus fulfilled the promise of lower costs, improved care and better health for seniors. Estimates indicate that the new benefits and services provided to seniors by the Affordable Care Act will save the typical senior over \$3,500 over the next decade. The reforms are projected to save Medicare over \$100 billion in the next five years.

In the letter, the Senators cited two specific projects currently underway that underscore the potential of delivery system reform:

Michigan Keystone Intensive Care Unit Project - This project reduced blood infections by 66 percent by requiring clinicians to run through a checklist of basic instructions, such as washing hands with soap, cleaning each patient’s skin with antiseptic, and placing sterile drapes over patients. The Michigan Health and Hospital Association found that the checklist reforms saved more than 1,500 lives and \$200 million in the first 18 months.

The Sacramento-Area ACO Pilot Project - Spearheaded by the California Public Employees Retirement System (CalPERS) in contract with Blue Shield of California, the project focused on coordinating care by sharing clinical and case management information. After one year of implementation, health care costs for the CalPERS ACO program increased less than 2 percent for the year compared to an increase of nearly 10 percent for other CalPERS enrollees covered by Blue Shield. Preliminary outcomes show that the CalPERS ACO project reduced inpatient readmissions by 17 percent and saved \$15.5 million.

The full text of the letter is below.

The Honorable Mitch McConnell
Senate Minority Leader
S-230 U.S. Capitol
Washington, DC 20510

Dear Leader McConnell:

Democrats are committed to extending the solvency of Medicare, but we want to do it while preserving the program in its current form. We do not support cutting benefits as a solution. Unfortunately, Congressman Ryan's proposed solution – privatizing Medicare– would bring unnecessary suffering to American seniors, while missing the salient fact that health care costs are exploding for everyone, no matter who the insurer is. The House-passed Ryan Budget also overlooks the fact that the Affordable Care Act makes significant changes to our health care system to control health care costs, changes that are already underway. To protect Medicare, we should build on these kinds of delivery system reforms, rather than cut seniors' benefits.

As you may know, the Affordable Care Act includes a number of novel tools and programs to encourage innovation in the delivery of health care. These delivery system reforms fall into five priority areas: quality improvement, prevention, payment reform, administrative simplification, and information technology. Each priority area promises to save money by improving the quality of care: a win-win for our health care system and the American people.

Economists across the political spectrum agree that these changes substantially improve Medicare's financial outlook and thus fulfill the promise of lower costs, improved care and better population health. Estimates indicate that the new benefits and services provided to seniors by the Affordable Care Act will save the typical senior over \$3,500 over the next decade, while reducing the deficit by \$210 billion this decade and more than a trillion dollars in the next.

We should build upon these reforms that are already enacted. Across the country, there are examples of delivery system reforms already underway that should be replicated to achieve further savings in Medicare, without cutting seniors' benefits.

For example, the Michigan Keystone Intensive Care Unit Project is a well-known model of the significant impact that quality improvements can have on patient safety and health care costs. This project reduced central line-associated bloodstream infections by 66 percent by requiring clinicians to run through a checklist of basic instructions, such as washing hands with soap, cleaning each patient's skin with antiseptic, and placing sterile drapes over patients. The Michigan Health and Hospital Association found that the checklist reforms saved more than 1,500 lives and \$200 million in the first 18 months.

In addition, new payment reform models, such as accountable care organizations (ACOs), are poised to change health care delivery by incentivizing care coordination and evidence-based medicine. A Sacramento-area ACO pilot project, spearheaded by the California Public Employees Retirement System (CalPERS) in contract with Blue Shield of California, focused on coordinating care by sharing clinical and case management information. After one year of implementation, health care costs for the CalPERS ACO program increased less than 2 percent for the year compared to an increase of nearly 10 percent for other CalPERS enrollees covered by Blue Shield. Preliminary outcomes show that the CalPERS ACO project reduced inpatient readmissions by 17 percent and saved \$15.5 million.

The Michigan Keystone Project and CalPERS ACO offer glimpses of the potential of delivery system reform, but we agree that there is still much more work to be done. We also need to invest in prevention programs, which can keep people from getting sick in the first place; simplify administrative processes, which will reduce time and money wasted by doctors and hospitals arguing against denied claims; and strengthen our health IT network, which the RAND Corporation has estimated would save \$81 billion a year.

We hope that you will acknowledge that very significant changes are already underway that will help the Medicare program be more efficient and improve all Americans' health, and deserve our bipartisan support. Thank you for your attention to this vital matter, and please feel free to call on us if we can be of any assistance.

Sincerely,

Senator Sheldon Whitehouse (D-RI)

Senator Tom Harkin (D-IA)

Senator Patty Murray (D-WA)

Senator Charles E. Schumer (D-NY)

Senator Debbie Stabenow (D-MI)