

September 12, 2013

President Obama, Speaker Boehner, Leader Pelosi, and Senators Reid and McConnell:

We write to you as members of the long-term care commission created by Congress in Section 643 of the American Taxpayer Relief Act of 2012 (P.L. 112-240). Pursuant to Section 643(f)(1) of the Act, the commission met today to approve its formal recommendations.

Both the recommendations and the report accompanying them completed a process involving discussions amongst commissioners, testimony from 34 separate witnesses at a series of public hearings, and comments received from stakeholders and members of the general public. During this process, we heard many positive, heart-warming stories about the work paid and unpaid caregivers provide in delivering quality long-term services and supports (LTSS) each and every day. We also heard about new and innovative solutions that may have the potential to improve care while reducing costs.

Unfortunately, the commission's short time in which to work precluded a full exploration of solutions regarding LTSS. With respect to both the delivery and financing of care, we believe the private sector can contribute many positive solutions—making both the private and public sectors more efficient, and improving the quality of care for the most vulnerable among us. In particular, we offered several new ideas for financing LTSS through private-sector solutions that could alleviate pressure on the public sector—helping to preserve the safety net for those most in need. However, not all of these ideas were able to receive a full airing during the commission's deliberations.

More broadly, there was insufficient appreciation for the fiscal and demographic environment in which both states and the federal government will be operating for the foreseeable future. Evidence placed before the commission and other related reports demonstrate that governments already face major constraints funding existing health care entitlements:

- Testimony before the commission by former Senate budget staffer Bill Hoagland noted that health care entitlements are projected to become the largest major federal budget category within the next three years. Under current law, health entitlements, Social Security, and net interest are all projected to rise over the coming decade, while all other portions of the federal budget will shrink.
- In a June report, the Congressional Budget Office (CBO) projected that spending on formal LTSS—most of which are funded by Medicare and Medicaid—will also rise between now and 2050. Assuming no major changes in the prevalence of functional limitations, CBO estimates that current-law spending on LTSS as a share of gross domestic product (GDP) “will more than double, climbing from 1.3 percent in 2010 to 3.0 percent in 2050.”
- According to another CBO report, the effects of an aging population represent more than two-thirds of the growth in spending on Social Security and health entitlements over the next 25 years—a demographic “bulge” that slowing the growth of health care costs will not fix.

For all these reasons and many others, it is clear to us that our commission's findings cannot be considered in a policy vacuum. Therefore, we wish to emphasize our belief that the commission's recommendations should not increase the existing budgetary commitment to health care faced by both state and federal governments. At a time when the federal government faces postwar record levels of debt, and Medicaid costs have crowded out other priorities for states, we do not believe the commission's recommendations warrant an increase in overall spending levels. Likewise, we believe that raising taxes to fund additional entitlement commitments is both politically infeasible and economically unwise, given the lingering effects of the tax increases enacted in January and those included in the Patient Protection and Affordable Care Act. With continued increases in public funds being unsustainable, future generations will need to plan ahead for funding their own care.

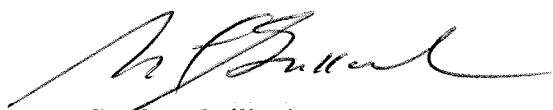
We look forward to working with you on fiscally responsible solutions that can improve our nation's system of long-term services and supports. Thank you again for the opportunity to serve in this important endeavor.



Mark Warshawsky
Commission Vice-Chair



Judith Brachman
Commissioner



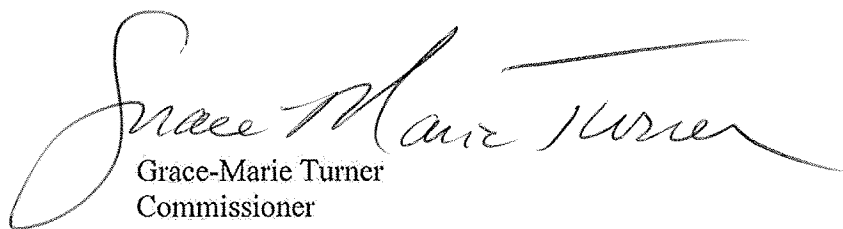
Stephen Guillard
Commissioner



Chris Jacobs
Commissioner



Neil Pruitt
Commissioner



Grace-Marie Turner
Commissioner