

United States Senate

WASHINGTON, DC 20510

June 5, 2009

The President
The White House
Washington, DC 20500

Dear Mr. President,

Ensuring access to affordable, quality and portable health care for every American is not a Republican or Democrat issue - it is an American issue. Our nation expects us to solve this challenge in an open, honest and bipartisan manner. Republicans stand ready to work with you on health care reform.

There are many areas of broad agreement about what needs to be done to expand access, improve quality and reduce costs in order to make these efforts successful for millions of Americans. However, there are areas of strong concerns that we are currently in the process of working through in the Senate Finance Committee to ensure that the focus remains on American families and not Washington.

One of the more divisive issues in the health care reform debate is the creation of a brand new public health insurance plan. In a letter dated June 2, 2009, you specifically endorsed the creation of such a plan.

At a time when major government programs like Medicare and Medicaid are already on a path to fiscal insolvency, creating a brand new government program will not only worsen our long term financial outlook but also negatively impact American families who enjoy the private coverage of their choice. A recent Milliman study estimated that the cost-shifting from government payers (specifically Medicare and Medicaid) costs families with private insurance nearly \$1800 more per year.

Furthermore, actuaries at the Lewin Group have concluded that such a plan open to all, and offering Medicare-level reimbursement rates, would result in 119.1 million Americans losing their private coverage. This would run contrary to your pledge to the American families about allowing them to keep the coverage of their choice.

Washington-run programs undermine market-based competition through their ability to impose price controls and shift costs to other purchasers. Forcing free market plans to compete with these government-run programs would create an unlevel playing field and inevitably doom true competition. In his March, 2009 testimony before the House Energy and Commerce Committee, Doug Elmendorf, the director of the nonpartisan Congressional Budget Office, testified that it would be "extremely difficult" to create "a system where a public plan could compete on a level playing field" against

private coverage. The end result would be a federal government takeover of our healthcare system, taking decisions out of the hands of doctors and patients and placing them in the hands of a Washington bureaucracy.

It is essential that we work together across party lines and we would like to express our strong desire to focus on areas of compromise to move forward on this important challenge in a comprehensive, inclusive and bipartisan manner. We have a real need for reform and an opportunity on behalf of the American people to get it done. If we are responsible in our policy approaches and strive for true bipartisanship, we can get meaningful reform done this year.

Sincerely,

Rob Portman

Jon Kyl

John Cornyn

Jim Running

John Ensign

Michael B. Enzi

Mike Crapo Chuck Grassley

Orin Hatch