

April 11, 2011

The Honorable John Boehner  
United States House of Representatives  
Washington, D.C.

The Honorable Nancy Pelosi  
United States House of Representatives  
Washington, D.C.

The Honorable Harry Reid  
United States Senate  
Washington, D.C.

The Honorable Mitch McConnell  
United States Senate  
Washington, D.C.

Dear Speaker Boehner, Minority Leader Pelosi, Majority Leader Reid, and Minority Leader McConnell,

Because the private health insurance market failed to serve senior citizens and the disabled, Congress in 1965 created the Medicare program. For nearly half a century, Medicare has successfully brought standard health care to tens of millions of Americans who are old or suffer from disabilities. It has done so at per-capita costs that have grown less rapidly than the costs of private insurance for comparable services. Nonetheless, Medicare's costs have risen along with overall national health care spending. As the nation moves to curb large and unsustainable budget deficits, it is essential to contain all medical costs, including those in the Medicare program. Against that background, some analysts and elected officials have proposed to replace Medicare with a voucher system, sometimes mislabeled as "premium support."

As health economists and health policy experts who recognize the nation's fiscal challenges and the need to meet them, we join in opposing current efforts to replace Medicare with a voucher program and to urge that the best road to containing health care spending is systemic reform, along the lines called for in the Affordable Care Act.

There are two broad strategies to reduce Medicare expenditures.

The right way, in our view, is to create a health care delivery system that provides patients with the right care at the right time. That means developing information on what works and for whom and creating incentives for providers to deliver that care and to do so in cost-effective ways. It means reducing the unnecessary care and needless administrative expenses that cost Americans hundreds of billions of dollars each year.

The Affordable Care Act takes this approach. It supports research on identifying those procedures that work best. It emphasizes payment reforms and new ways of organizing the delivery of care to slow spending growth while improving care. Findings from these pilots and demonstrations should be implemented nationwide as tech-

niques are proven. The Congressional Budget Office projects that the Affordable Care Act will slow annual growth of per-person Medicare spending over the next decade below the rate of general economic growth. It will yield even greater dividends as reforms are tested and implemented.

The second approach is exemplified by voucher proposals that are tied to economic indexes, chosen because they hold growth of spending below the projected increase in health care costs. That approach guarantees budget savings. Yet it does so by shifting costs to patients or to providers. These cost shifts would burden all beneficiaries but they would most seriously injure the millions of elderly and disabled beneficiaries with incomes too high to qualify for Medicaid but not much above official poverty thresholds. Shifting risks to vulnerable aged or disabled beneficiaries is ethically unacceptable.

Advocates of vouchers claim that the shift would give Medicare enrollees choices they now lack. This claim is the reverse of the truth. Typical Medicare beneficiaries now may choose between traditional Medicare and more than two dozen widely varying plans under Medicare Advantage. The voucher plans would remove the option of traditional Medicare, now preferred by three-quarters of enrollees, despite the fact that subsidies for Medicare Advantage plans exceed those for traditional Medicare.

Advocates of vouchers seem unwilling to label what they are advocating for what it is, and seek to rechristen their plan as “premium support.” Premium support referred to payment linked to health costs, not a more slowly growing economic index. It entailed aggressive regulation to promote informed choice by patients. The voucher proposals now being advanced have none of those protections.

We are particularly concerned by recent Congressional Budget Office analyses, which indicate that current proposals would link voucher payments to growth in the Consumer Price Index adjusted for population growth. Because medical care costs are rising much more rapidly than the CPI, this guarantees that the value of the proposed Medicare vouchers would erode over time. By 2030, the Congressional Budget Office estimates that a typical 65-year-old would pay more than twice as much for health care under the voucher proposal than that individual is predicted to pay under current law.

Just as the Affordable Care Act is mobilizing Medicare’s buying power to encourage delivery system reform, this is the wrong time to abort those efforts. A large payer can promote innovation in payment methods to encourage high-quality, low-cost care in ways unavailable to myriad small buyers. That strategy is recommended by physicians’ organizations, hospital organizations, and experts across the spectrum.

In summary, turning Medicare into a voucher program would undermine essential protections for millions of vulnerable people. It would extinguish the most promising approaches to curb costs and to improve the American medical care system. We urge responsible members of Congress to reject calls for repealing traditional Medicare and to support vigorous implementation of the Affordable Care Act.

Henry J. Aaron, Ph.D. Brookings Institution	Josh Bivens, Ph.D. Economic Policy Institute	Stephen M. Davidson, Ph.D. Boston University, School of Management
Kruti Acharya, M.D. University of Chicago	Linda A. Blumberg, Ph.D. Urban Institute	J. Bradford DeLong, Ph.D. University of California-Berkeley
Randy Albelda, Ph.D. University of Massachusetts-Boston	Shari Bolen, M.D., M.P.H. Case Western Reserve University	Luisa S. Deprez, Ph.D. University of Southern Maine
Elizabeth Oltmans Ananat, Ph.D. Duke University	Jeffrey R. Botkin, M.D., M.P.H. University of Utah	Marisa Elena Domino, Ph.D. University of North Carolina-Chapel Hill, The Gillings School of Global Public Health
Ronald Andersen, Ph.D. University of California-Los Angeles, School of Public Health	Heather Boushey, Ph.D. Center for American Progress	R. Paul Duncan, Ph.D. University of Florida
Rania Antonopoulos, Ph.D. Levy Economics Institute of Bard College	Roger Even Bove, Ph.D. West Chester University	Randall P. Ellis, Ph.D. Boston University
Eileen Appelbaum, Ph.D. Center for Economic and Policy Research	Elissa Braunstein, Ph.D. Colorado State University	Elizabeth Elmore, Ph.D. Richard Stockton College of New Jersey
Christopher Avery, Ph.D. Harvard University, Kennedy School of Government	E. Richard Brown, Ph.D. University of California-Los Angeles, School of Public Health	Loretta Fairchild, Ph.D. Nebraska Wesleyan University
M.V. Lee Badgett, Ph.D. University of Massachusetts-Amherst	A. Colin Cameron, Ph.D. University of California-Davis	Judy Feder, Ph.D. Georgetown University
El-hadj M. Bah, Ph.D. University of Auckland	Jim Campen, Ph.D. University of Massachusetts- Boston	Eric A. Feldman, J.D., Ph.D. University of Pennsylvania, Law School
Dean Baker, Ph.D. Center for Economic and Policy Research	Lawrence P. Casalino, M.D., Ph.D. Cornell University, Weill Cornell Medical College	Kade Finnoff, Ph.D. University of Massachusetts-Boston
Radhika Balakrishnan, Ph.D. Rutgers University	Wendy Chapkis, Ph.D. University of Southern Maine	Brian R. Flay, D.Phil. Oregon State University
Jean A. Balgrosky, M.P.H., RHIA University of California- Los Angeles	John Dennis Chasse, Ph.D. State University of New York, College at Brockport	Gerald Friedman, Ph.D. University of Massachusetts-Amherst
Nesecan Balkan, Ph.D. Hamilton College	Howard Chernick, Ph.D. City University of New York, Hunter College	Bianca Frogner, Ph.D. The George Washington University, School of Public Health and Health Services
Ronald Bayer, Ph.D. Columbia University, Mailman School of Public Health	Kimberly Christensen, Ph.D. Sarah Lawrence College	Irv Garfinkel, Ph.D. Columbia University, School of Social Work
Charles Becker, Ph.D. Duke University	Alan B. Cohen, Sc.D. Boston University, Health Policy Institute	Paul Gertler, Ph.D. University of California-Berkeley
Linda A. Bergthold, Ph.D. Independent Health Policy Consultant- Santa Cruz, California	Philip J. Cook, Ph.D. Duke University	Don Goldstein, Ph.D. Allegheny College
Gunseli Berik, Ph.D. University of Utah	William Cunningham, M.D., M.P.H. University of California-Los Angeles, School of Public Health	Neva Goodwin, Ph.D. Tufts University
Cyrus Bina, Ph.D. University of Minnesota-Morris Campus	David Cutler, Ph.D. Harvard University	Elise Gould, Ph.D., M.P.A. Economic Policy Institute
		Daphne Greenwood, Ph.D. University of Colorado-Colorado Springs

Colleen M. Grogan, Ph.D.  
University of Chicago, School of Social  
Service Administration

Lawrence Grossberg, Ph.D.  
University of North Carolina-Chapel Hill

Michael Grossman, Ph.D.  
City University of New York,  
Graduate Center

Jacob S. Hacker, Ph.D.  
Yale University

Jack Hadley, Ph.D.  
George Mason University, College of  
Health and Human Services

Allyson Hall, Ph.D.  
University of Florida

Helen Ann Halpin, Ph.D., Sc.M.  
University of California-Berkeley,  
School of Public Health

Jeffrey S. Harman, Ph.D.  
University of Florida

John T. Harvey, Ph.D.  
Texas Christian University

Mary Kay Henry  
Service Employees International Union,  
or SEIU

Frederic Hicks, Ph.D.  
University of Louisville

Stephen T. Higgins, Ph.D.  
University of Vermont-College of Medicine

Diana Hilberman, Dr.P.H., M.S.P.H.  
University of California-Los Angeles,  
School of Public Health

Vivian Ho, Ph.D.  
Rice University, James A. Baker III Institute  
for Public Policy

Joan Hoffman, Ph.D.  
City University of New York, John Jay  
College of Criminal Justice

Jill Horwitz, Ph.D.  
University of Michigan, Law School

Candace Howes, Ph.D.  
Connecticut College

Hilary Hoynes, Ph.D.  
University of California- Davis

Ken Jacobs  
University of California- Berkeley,  
Center for Labor Research and Education

Peter D. Jacobson, Ph.D.  
University of Michigan, School of  
Public Health

Neil Jordan, Ph.D.  
Northwestern University, Feinberg School  
of Medicine

Timothy Jost, J.D.  
Washington and Lee School of Law

Theodore Joyce, Ph.D.  
City University of New York,  
Baruch College

Kyoungrae Jung, Ph.D.  
Pennsylvania State University

Daniel Kahneman, Ph.D.\*  
Princeton University

George A. Kaplan, Ph.D.  
University of Michigan

Jerome Karabel, Ph.D.  
University of California-Berkeley

Lawrence Katz, Ph.D.  
Harvard University

Nancy L. Keating, M.D., M.P.H.  
Harvard Medical School

Genevieve M. Kenney, Ph.D.  
Urban Institute

Steven J. Klees, Ph.D.  
University of Maryland

Gerald F. Kominski, Ph.D.  
University of California- Los Angeles,  
School of Public Health

Brent Kreider, Ph.D.  
Iowa State University

Jill Kriesky, Ph.D.  
West Virginia Center on Budget and Policy

Karl Kronebusch, Ph.D., M.P.P., M.Sc.  
City University of New York,  
Baruch College

David Laibman, Ph.D.  
City University of New York, Brooklyn  
College and Graduate School

Thomas Lambert, Ph.D.  
Indiana University- Southeast

Bruce Landon, M.D., M.B.A.  
Harvard Medical School

Mary Beth Landrum, Ph.D.  
Harvard Medical School

Paula Lantz, Ph.D.  
University of Michigan

Arleen A. Leibowitz, Ph.D.  
University of California-Los Angeles,  
School of Public Affairs

David Levine, Ph.D.  
University of California-Berkeley,  
Haas School of Business

Frank Levy, Ph.D.  
Massachusetts Institute of Technology

Peter M. Lichtenstein, Ph.D.  
Boise State University

Victor Lippit, Ph.D.  
University of California-Riverside

Thomas E. Love, Ph.D.  
Case Western Reserve University

Harold Luft, Ph.D.  
University of California-San Francisco

Catherine Lynde, Ph.D.  
University of Massachusetts-Boston

Arthur MacEwan, Ph.D.  
University of Massachusetts-Boston

Diane Macunovich, Ph.D.  
University of Redlands

Ted Marmor, Ph.D.  
Yale University

Eric S. Maskin, Ph.D.\*  
Institute for Advanced Study

Thomas Masterson, Ph.D.  
University of Massachusetts-Amherst;  
Levy Economics Institute of Bard College

Peter Hans Matthews, Ph.D.  
Middlebury College

Kathleen McAfee, Ph.D.  
San Francisco State University

Elaine McCrate, Ph.D. University of Vermont	Brendan O’Flaherty, Ph.D. Columbia University	Meredith B. Rosenthal, Ph.D. Harvard School of Public Health
J. Michael McWilliams, M.D., Ph.D. Brigham and Women’s Hospital, Harvard Medical School	Albert A. Okunade, Ph.D. University of Memphis	Lainie Friedman Ross, M.D., Ph.D. University of Chicago
Ellen Meara, Ph.D. Dartmouth College	Thomas R. Oliver, Ph.D. University of Wisconsin—Madison	Roy Rotheim, Ph.D. Skidmore College
Michael Meeropol, Ph.D. City University of New York, John Jay College of Criminal Justice	George Perry, Ph.D. Brookings Institution	Christopher J. Ruhm, Ph.D. University of Virginia
Martin Melkonian, M.A. Hofstra University	Mark Peterson, Ph.D. University of California-Los Angeles	William M. Sage, M.D., J.D. University of Texas-Austin
Peter B. Meyer, Ph.D. University of Louisville	Karl Petrick, Ph.D. Western New England College	Somnath Saha, M.D., M.P.H. Oregon Health & Science University
Peter Mieszkowski, Ph.D. Rice University	Steven D. Pizer, Ph.D. Boston University, School of Public Health	Harwood D. Schaffer, Ph.D. University of Tennessee
Michael L. Millenson Northwestern University, Kellogg School of Management	Harold Pollack, Ph.D. , M.P.P. University of Chicago, School of Social Service Administration	John Schmitt, Ph.D. Center for Economic and Policy Research
Beth Mintz, Ph.D. University of Vermont	Daniel Polsky, Ph.D. University of Pennsylvania	Stephanie Seguino, Ph.D. University of Vermont
Lawrence Mishel, Ph.D. Economic Policy Institute	Ninez A. Ponce, Ph.D., M.P.P. University of California- Los Angeles, School of Public Health	Eric Seiber, Ph.D. Ohio State University
Alan C. Monheit, Ph.D. University of Medicine and Dentistry of New Jersey, School of Public Health	Nadereh Pourat, Ph.D. University of California-Los Angeles, School of Public Health	Theda R. Skocpol, Ph.D. Harvard University
Marilyn Moon, Ph.D. American Institutes for Research	Sarah Reber, Ph.D. University of California- Los Angeles, Luskin School of Public Affairs	Timothy M. Smeeding, Ph.D. University of Wisconsin-Madison, Robert M. La Follette School of Public Affairs
James A. Morone, Ph.D. Brown University	James Rebitzer, Ph.D. Boston University, School of Management	Karen Smith Conway, Ph.D. University of New Hampshire
Taryn W. Morrissey, Ph.D. American University	Uwe Reinhardt, Ph.D. Princeton University	Paula H. Song, Ph.D. Ohio State University, College of Public Health
Karoline Mortensen, Ph.D. University of Maryland	Joseph D. Restuccia, Dr.P.H., M.P.H. Boston University, School of Management	Peter Spiegler, Ph.D. University of Massachusetts-Boston
Alicia H. Munnell, Ph.D. Boston College, Carroll School of Management	Thomas Rice, Ph.D. University of California-Los Angeles	Janet Spitz Ph.D. The College of Saint Rose
Jack Needleman, Ph.D., FAAN University of California-Los Angeles, School of Public Health	Elizabeth Richardson Vigdor, Ph.D. Duke University	James Ronald Stanfield, Ph.D. Colorado State University
David Neumark, Ph.D. University of California-Irvine	Dylan H. Roby, Ph.D. University of California-Los Angeles, School of Public Health	Barbara Starfield, M.D., M.P.H. Johns Hopkins University, Bloomberg School of Public Health
Jonathan B. Oberlander, Ph.D. University of North Carolina-Chapel Hill	Sara Rosenbaum, J.D. George Washington University Medical Center, School of Public Health and Health Services	Paul E. Starr, Ph.D. Princeton University
		Sally C. Stearns, Ph.D. University of North Carolina-Chapel Hill

Mary Huff Stevenson, Ph.D.  
University of Massachusetts-Boston

Deborah Stone, Ph.D.  
Dartmouth College

Katherine Swartz, Ph.D.  
Harvard School of Public Health

William D. Terry, M.D.  
Brigham and Women's Hospital,  
Harvard Medical School

Ross Thomson, Ph.D.  
University of Vermont

Chris Tilly, Ph.D.  
University of California-Los Angeles

Jennifer L. Troyer, Ph.D.  
University of North Carolina- Charlotte,  
Belk College of Business

James A. Tulsky, M.D.  
Duke University

Robert Otto Valdez, Ph.D.  
University of New Mexico

Paul N. Van de Water, Ph.D.  
Center of Budget and Policy Priorities

Lane Vanderslice, Ph.D.  
World Hunger Education Service

Mark E. Votruba, Ph.D.  
Case Western Reserve University,  
Weatherhead School of Management

Leah J. Vriesman, Ph.D., M.H.A., M.B.A.  
University of California-Los Angeles

Geetha Waehrer, Ph.D.  
Pacific Institute for Research and  
Evaluation

Alexander C. Wagenaar, Ph.D.  
University of Florida; Temple University

Jane Waldfogel, Ph.D.  
Columbia University, School of Social Work

Mark Weisbrot, Ph.D.  
Center for Economic and Policy Research

Joseph White, Ph.D.  
Case Western Reserve University

Michael Wilson, M.D., Ph.D.  
Harvard Medical School

Bobbi Wolfe, Ph.D.  
University of Wisconsin-Madison, Robert  
M. La Follette School of Public Affairs

Justin Wolfers, Ph.D.  
University of Pennsylvania,  
Wharton School

David Zalewski, Ph.D.  
Providence College, School of Business

\*Nobel laureate  
(Affiliations listed for identification purposes only.)