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**Subject:** Final Copy of "1.5% Letter"

[Draft Letter May 8 1pm.docx](#)

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Attached is the final draft of the 1.5% letter that will be signed by AHA, AMA, AHIP, AdvaMed, PhrMA, SEIU, California Hospital Association, and Greater New York Hospital Association. I was able to get them to put the "more than \$2 trillion in savings" language back in. Thanks for your help.

Nancy-Ann DeParle

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May XX, 2009

Dear XXXX:

We believe that all Americans should have access to affordable, high quality health care services. Thus, we applaud your strong commitment to reforming our nation's health care system. The times demand and the nation expects that we, as health care leaders, work with you to reform the health care system.

The annual growth in national health expenditures—including public and private spending—is projected by government actuaries to average 6.2% through the next decade. At that rate, the percent of gross domestic product spent on health care would increase from 17.6% this year to 20.3% in 2018—higher than any other country in the world.

We are determined to work together to provide quality, affordable coverage and access for every American. It is critical, however, that health reform also enhance quality, improve the overall health of the population, and reduce cost growth. We believe that the proper approach to achieve and sustain reduced cost growth is one that will: improve the population's health; continuously improve quality; encourage the advancement of medical treatments, approaches, and science; streamline administration; and encourage efficient care delivery based on evidence and best practice.

To achieve all of these goals, we have joined together in an unprecedented effort, as private sector stakeholders—physicians, hospitals, other health care workers, payors, suppliers, manufacturers, and organized labor—to offer concrete initiatives that will transform the health care system. As restructuring takes hold and the population's health improves over the coming decade, we will do our part to achieve your Administration's goal of decreasing by 1.5 percentage points the annual health care spending growth rate--(saving \$2 trillion or more). This represents more than a 20% reduction in the projected rate of growth. We believe this approach can be highly successful and can help the nation to achieve the reform goals we all share.

To respond to this challenge, we are developing consensus proposals to reduce the rate of increase in future health and insurance costs through changes made in all sectors of the health care system. We are committed to taking action in public-private partnership to create a more stable and sustainable health care system that will achieve billions in savings through:

- Implementing proposals in all sectors of the health care system, focusing on administrative simplification, standardization, and transparency that supports effective markets;

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- Reducing over-use and under-use of health care by aligning quality and efficiency incentives among providers across the continuum of care so that physicians, hospitals, and other health care providers are encouraged and enabled to work together towards the highest standards of quality and efficiency;
- Encouraging coordinated care, both in the public and private sectors, and adherence to evidence-based best practices and therapies that reduce hospitalization, manage chronic disease more efficiently and effectively, and implement proven clinical prevention strategies; and
- Reducing the cost of doing business by addressing cost drivers in each sector and through common sense improvements in care delivery models, health information technology, workforce deployment and development, and regulatory reforms.

These and other reforms will make our health care system stronger and more sustainable. However, there are many important factors driving health care costs that are beyond the control of the delivery system alone. Billions in savings can be achieved through a large-scale national effort of health promotion and disease prevention to reduce the prevalence of chronic disease and poor health status, which leads to unnecessary sickness and higher health costs. Reform should include a specific focus on obesity prevention commensurate with the scale of the problem. These initiatives are crucial to transform health care in America and to achieve our goal of reducing the rate of growth in health costs.

We, as stakeholder representatives, are committed to doing our part to make reform a reality in order to make the system more affordable and effective for patients and purchasers. We stand ready to work with you to accomplish this goal.

[List of organizations]