

TIM MURPHY
18TH DISTRICT, PENNSYLVANIA

COMMITTEE ON ENERGY AND COMMERCE
COMMERCE, TRADE, AND CONSUMER PROTECTION
ENERGY AND AIR QUALITY
ENVIRONMENT AND HAZARDOUS MATERIALS



CO-CHAIR, 21ST CENTURY HEALTH
CARE CAUCUS
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MILITARY VETERANS CAUCUS

EMAIL: murphy@mail.house.gov
WEBSITE: murphy.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515
April 26, 2005

The Honorable Jim Nussle
U.S. House of Representatives
303 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I applaud your leadership to ensure the elimination of waste, fraud and abuse in our nation's social spending and federal entitlement programs as you continue to work with conferees to reconcile the House and Senate versions of the congressional budget resolution. However, in our efforts to improve these programs, we must be careful to ensure that we balance the intention to eliminate waste with our efforts to provide health care to those who need it the most. If these reductions in funding are not coupled with a fundamental reform of our health care system, they will only serve to negatively impact people who depend on the program and the providers who deliver the care.

Over 45 percent of mandatory federal spending goes towards health issues such as Medicare and Medicaid. It is set to increase to over 49 percent by 2014. The federal government should be driving the change to reform health care not so much by simple payment reductions but by focusing on the quality and efficiency of care as a means to improving affordability and access. Any reforms to these entitlement programs should be synonymous with improving health care quality to save both lives and money rather than simply reducing the federal bottom line. This measured approach will ensure that entitlement programs continue to adequately serve the populations for which these programs were created, including the elderly, disabled, low-income individuals and those in long-term care in a more cost-effective manner while delivering better patient care.

Many of these issues will be addressed before the Committee on Energy and Commerce and it is my hope that our committee will address the effectiveness of federal health care dollars. An examination of federal health care spending represents a unique opportunity for innovation and renovation of our entitlement programs and the health care system as a whole. Thousands of lives and tens of billions of dollars could be saved every year by reducing the number of medical and medication errors, unnecessary hospitalizations, infections and inappropriate care that exists within the current system.

322 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2301
FAX: (202) 225-1844

504 WASHINGTON ROAD
PITTSBURGH, PA 15228
(412) 344-5583
FAX: (412) 429-5092

2040 FREDERICKSON PLACE
ROUTE 136
GREENSBURG, PA 15601
(724) 850-7312
FAX: (724) 850-7315

For example:

- 1) Electronic Medical Records, have the potential to save over \$78 billion a year or up to 5 percent of the nation's total annual health care costs by eliminating duplicate tests, search times and storage space for medical records, improving health care by prompting physicians and health care staff on updated quality improvement/patient safety information and streamlining billing practices;¹
- 2) Electronic Prescribing has the potential to save over \$29 billion by eliminating inappropriate dosage levels, redundant medications, harmful drug-drug interactions, and allergic reactions;²
- 3) Reducing health care acquired infections through the implementation of patient safety procedures could yield \$4.5 billion in savings every year;³
- 4) Safely using unused medications resulting from when a senior changes prescriptions or passes away, could yield savings of hundreds of millions nationwide and \$15 million per year in the state of Pennsylvania alone.⁴

Many additional savings can also be gained by providing incentives to eliminate surgical errors, unnecessary treatments, reducing hospital stays and integrating care. These changes to the whole health care system will in turn how substantial spin off cost savings to individuals with Health Savings Accounts as well as to those under established health care plans. As the Co-Chairman of the 21st Century Health Care Caucus, I have been outlining these savings each week to Members. I believe that we can achieve greater savings from fundamental improvements to the health care system.

As many of these improvements could be addressed through the implementation of health information technology and by rewarding quality improvements in pay for performance measures, I would encourage the inclusion of the Senate language which established a reserve fund for investments in health information technology and performance measurement programs without requiring offsetting cuts in other programs. The promise of saving lives and reducing health care costs is too great to exclude health information technology from our nation's budgetary plans.

In addition, H.R. 985, a bill that would create a Bipartisan Commission on Medicaid would allow up to one year to study the proposed restructuring of Medicaid to ensure that any reforms strengthens and improves the Medicaid program to guarantee its long-term

¹ Walker, Jan. et. al. The Value of Health Care Information Exchange And Interoperability. Center for Information Technology Leadership. January 2005.

² eHealth Initiative. Electronic Prescribing: Toward Maximum Value and Rapid Adoption. April 2004. : Center for Information Technology Leadership 2004.

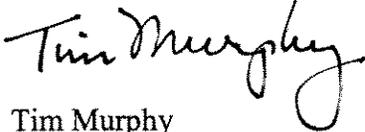
³ Weinstein RA. Nosocomial Infection Update. Special Issue. Emerging Infectious Diseases. Vol. 4 No. 3, July Sept 1998.

⁴ Pennsylvania State House Committee on Appropriations Fiscal Note. House Bill No. 770. 2004.

stability. Accordingly, I would urge the committee to establish a reserve fund for the creation of a Bipartisan Medicaid Commission in the final conference agreement for the FY 2006 Budget.

Thank you for the opportunity to express my concerns and I look forward to working with you and my colleagues to strengthen our nation's entitlement programs to improve health care for the neediest populations of our society.

Sincerely,

A handwritten signature in black ink that reads "Tim Murphy". The signature is written in a cursive style with a large, looping "y" at the end.

Tim Murphy
Member of Congress

Cc: The Honorable Joe Barton, Chairman, U.S. House Committee on Energy and Commerce