



Obama Budget Proposes Health Care Rationing

The budget proposal submitted by President Obama includes nearly \$1 trillion in new health care spending—a \$634 billion reserve fund as a “down payment” for expanded coverage, and more than \$330 billion in un-offset increases to physician reimbursements and other government programs. The Republican Conference has prepared background on the implications of one of these proposals.

- The Obama budget includes language promoting “changes in the [health care] delivery system to reduce unnecessary variability in patient care”—which some Members may be concerned could result in a “one-size-fits-all” health care delivery model, where government bureaucrats determine what treatments and procedures are “unnecessary.”
- Administration officials have confirmed that they will use their more detailed budgetary submission in April to request legislative authority for the Centers for Medicare and Medicaid Services (CMS) to implement a “least costly alternative” policy—which will allow CMS to deny coverage for treatments deemed more costly than other treatments purportedly of similar effectiveness.
- The Administration proposal is consistent with the philosophy of OMB Director Peter Orszag, who while head of the Congressional Budget Office prepared a [report](#) supporting the use of effectiveness research—including cost effectiveness research—to determine reimbursement levels, while admitting that “patients who might benefit from more-expensive treatments might be made worse off” as a result of policy changes that tie insurance reimbursement to cost-effectiveness criteria.
- The Administration’s proposal is also consistent with draft Committee report language written by House Democrats, stating that “more expensive [treatments] will no longer be prescribed” as a result of \$1.1 billion in comparative effectiveness research included in the “stimulus” bill.
- Members may also note that the left-leaning Commonwealth Fund released [its own report](#) last month asserting that comparative effectiveness research could yield \$634 billion in savings—the entire amount of President Obama’s proposed health care reserve fund. The report admitted that “merely making information available” about the relative merits of treatments “is unlikely to produce” outcomes yielding large savings—and therefore recommended that a new comparative effectiveness center help “***to create financial incentives for patients and physicians to avoid high-cost treatments.***”

Government programs constitute nearly half of all health spending, and increasing government’s market clout still further will, according to the Administration’s own proposals, lead to rationing of treatments and procedures as a way to contain costs. As a result, many Members may be concerned about proposals to place government bureaucrats between doctors and patients in deciding the course of health care treatments.

For more information, contact Chris Jacobs at christopher.jacobs@mail.house.gov or at 6-2302.