



The Honorable Jodey Arrington
Chairman
Committee on the Budget
204 Cannon House Office Building
Washington, DC 20515

Dear Chairman Arrington,

The number one fiscal challenge faced by the United States is the high and growing cost of government health care programs. Paragon research has extensively documented that government health expenditures must be trimmed by nearly \$2 trillion over the next decade (relative to baseline projections) to put the entire federal budget on a sustainable trajectory.¹ Paragon has also released several commonsense proposals that have attracted bipartisan support and would alleviate these cost pressures by reducing overpayments in Medicare and reforming Medicaid's federal-state partnership.²

The House Committee on the Budget is rising to this challenge by laying out policies that would significantly reform federal health programs. These include:

- Advancing site neutrality by equalizing Medicare payment of certain outpatient services across health care settings;
- Modifying reimbursement of hospitals' uncompensated care and bad debt to protect the Medicare trust funds;
- Requiring certain able-bodied, working-age adults to fulfill community engagement requirements to receive Medicaid benefits; and
- Reducing the ability of states to use financing gimmicks to inflate federal Medicaid payments.

Without tackling the excessive cost of government health programs, deficits and debt will continue rising to record levels, threatening future American prosperity with higher future interest rates, inflation, and taxes. This budget shows the magnitude of these challenges and begins a necessary conversation about addressing the deteriorating fiscal position of the federal government.

Sincerely,
Brian C. Blase, PhD

A handwritten signature in black ink that reads "Brian C. Blase". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

President, Paragon Health Institute

¹ Paul Winfree, "The Contribution of Federal Health Programs to U.S. Fiscal Challenges and the Need for Reform," Paragon Health Institute, January 2023, <https://paragoninstitute.org/medicare/post-the-contribution-of-federal-health-programs-to-us-fiscal-challenges-and-the-need-for-reform/>.

² Brian Blase and Joe Albanese, "Turning the Tide on Red Ink: Commonsense Policies to Make Federal Health Programs More Sustainable," Paragon Health Institute, March 2023, <https://paragoninstitute.org/medicare/turning-the-tide-on-red-ink/>.