



August 23, 2004

The Honorable Tommy Thompson
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Thompson:

The Value Group is writing in response to the creation of a task force to encourage innovation in health care and to speed the development of effective new medical technologies. We would like to encourage you to add this question to the task force's charge: "How can HHS document and measure the collective value to society of advances in health care, to ensure that the benefits of innovation are fully recognized and accounted for?"

Advances in health care bring enormous value to individuals and society. During the past 20 years, life expectancy from birth has risen by three years and the disability rate for seniors has dropped by 25%. These findings are reported in the attached report, *The Value of Investment in Health Care: Better Care, Better Lives*. But too often these achievements are ignored when expenditures on health care are discussed – expenditures that contribute to longer and better lives for Americans.

Each year, the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary tallies the cost of health care, looking at where health care dollars go and how much of the nation's Gross Domestic Product they represent. This annual accounting fails to look at the other side of the equation: the benefits of spending on health care. Gains in life expectancy, reductions in disability, and improvements in overall health have a real economic benefit to society and should be routinely measured and accounted for. Representatives of the Value Group have met with your staff in the office of the Assistant Secretary for Planning and Evaluation, and we look forward to continuing to work with the appropriate staff to design a measurement tool that will capture this value to society.

The Honorable Tommy Thompson
August 23, 2004
Page 2

The creation of the task force reflects the importance this Administration and our society place on advances in health care. This work can be taken one step further by developing a mechanism to track and report the value these advances bring to society.

Sincerely,

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President
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Attachment