



California Public Employees' Retirement System
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March 19, 2014

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member, Committee on Finance
United States Senate
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Wyden and Ranking Member Hatch:

RE: SUSTAINABLE GROWTH RATE (SGR) REPEAL AND PAYMENT REFORM

The California Public Employees' Retirement System (CalPERS) urges the Senate to take the next step toward SGR reform and pass the SGR Repeal and Medicare Provider Payment Modernization Act of 2014 (S. 2110). A fix of the current system is necessary for the long-term viability of the health care program. The underlying policy included in S. 2110 reflects a bicameral, bipartisan effort and, therefore, we believe it is one of the country's greatest opportunities to transform the Medicare system.

As the nation's largest non-federal purchaser of health care benefits, CalPERS will spend over \$7.5 billion for health care benefits for over 1.3 million active members, retirees and their families this year. We support your efforts to realign payment systems

so that providers are rewarded for delivering quality and efficient health care. Based on our own experiences in this area, we believe this will lead to a greater level of accountability and transparency in the health care system, and ultimately reduce costs while improving quality.

Thank you for your leadership and ongoing efforts on these very important health care issues.

Sincerely,

A handwritten signature in cursive script that reads "Anne Stausboll".

ANNE STAUSBOLL
Chief Executive Officer