

(Original signed copy to be hand delivered.)

May 27, 2008

Peter R. Orszag, Ph.D.
Director
Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515-6925

Dear Dr. Orszag:

We are writing with regard to the recent CBO report, "Evidence on the Costs and Benefits of Health Information Technology," and the critique contained in that report regarding RAND's 2005 evaluation of the potential cost savings associated with a future adoption of fully interoperable electronic medical records.

RAND's study yielded an estimate of savings that could result from the successful future adoption of health information technology by 90 percent of the nation's hospitals and doctors. It is apparent that the CBO report set out to answer a different question with different assumptions. It is no surprise, then, that we might reach different conclusions. What is surprising and merits correction are the errors in omission and interpretation within the CBO report associated with criticisms of the RAND study. We enclose a more detailed summary of some of those issues, and in laying those out we include the following background regarding the RAND study:

--RAND's research was published in 2005 in two peer-reviewed articles in the journal *Health Affairs*, and in four peer-reviewed reports published by RAND - an unimpeachably rigorous standard of review and evaluation.

--The RAND study was implemented with the advice and review of a steering group chaired by Dr. David Lawrence, former Chairman and CEO of the Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals. His colleagues on the committee included the following experienced and respected medical health and industry professionals: Peter Butler, Executive Vice President & COO, Rush University Medical Center; Denis Cortese, MD, President & CEO, Mayo Clinic; Helen Darling, President, Washington Business Group on Health; Nancy-Ann DeParle, Senior Advisor, JP Morgan Partners, LLC; Robert Herbold, PhD, Executive Vice President (Retired), Microsoft Corporation; James Hudak, President & COO, United Behavioral Health; Gary Mecklenberg, President and CEO, Northwestern Memorial Healthcare; Herbert Pardes, MD, President and CEO, New York Presbyterian Hospital; Judy Pelham, President & CEO, Trinity Health; John Porter, Partner, Hogan & Hartson, LLP; John Rother, Director of Policy and Strategy, AARP; Ralph Snyderman, MD, Chancellor Emeritus, Duke University, James B. Duke Professor of Medicine; Scott Wallace, President & CEO, National Alliance for Health Information Technology.

--The RAND study has been published for three years and was carried out with total transparency. All evidence, methods and assumptions used in the study were made publicly available to allow for checking of the results - *Health Affairs* went so far as to make the technical appendix available online to illustrate how all evidence was presented and used in the study.

--In several sections of the CBO report, findings from the RAND study are accepted and integrated with the CBO analysis. Those areas of agreement with the RAND study are not reflected with citations. That might not be notable were it not for the specificity of the criticisms levied against the RAND study elsewhere in the CBO report.

--Finally, Dr. Hillestad was contacted by CBO staff prior to publication and asked to provide review and comment to a small section of the

report. Several comments on that material were returned to CBO but none was acknowledged in the final report. Under these circumstances, it most surprising to find Dr. Hillestad listed as a peer reviewer of the report.

We stand by the methods and conclusions of the 2005 RAND study, and disagree with the CBO report conclusion that it overestimates the potential cost savings from health information technology. We particularly take issue with the effort to level that criticism without providing a robust alternative measure of potential savings that reflects CBO assumptions.

We hope these materials will be helpful to the Congressional Budget Office in its future endeavors to evaluate this and similar matters.

Sincerely,

Robert H. Brook, M.D., Sc.D.
Vice President and Director, RAND Health

Richard Hillestad, Ph.D.
Principal Researcher and
Professor, Pardee RAND Graduate School

(Detailed response in attached addendum.)