



August 3, 2017

Dear Senator:

Older Americans care deeply about their health care, and they need and deserve affordable premiums, lower out of pocket costs, and coverage they can count on as they age. We recognize the current law is not perfect, and believe Congress should focus on commonsense, bipartisan solutions that will increase coverage, lower costs, stabilize markets, and improve care. We are encouraged by recent comments that Congress may begin to examine solutions and work on a bipartisan basis towards these goals. On behalf of our 38 million members and all older Americans, we stand ready to work with you on solutions to protect and strengthen the coverage that millions of Americans need and depend on.

### **Overall Goals**

AARP will continue to support health care principles that are vital to people 50 and older and their families.

- We support strengthening access to affordable health care and oppose increasing costs for older Americans through an age tax.
- We support strengthening Medicaid and increasing access to benefits that allow older Americans to live independently in their homes and communities.
- We support protecting and strengthening coverage for Americans with pre-existing conditions and will continue to defend against any weakening of the protections provided under the law.
- We support keeping Medicare strong and will strongly oppose cuts to Medicare funding that could open the door to benefit cuts and vouchers that would shift more costs and risks to seniors.

### **Access & Affordability**

Over six-million Americans 50-64 years old with median incomes of less than \$25,000 a year get their coverage through the Affordable Care Act (ACA) marketplaces. Furthermore, 25 million (40 percent) 50-64 year olds have a preexisting condition.<sup>1</sup> As

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<sup>1</sup> <http://www.aarp.org/ppi/info-2017/affordable-care-act-protects-millions-of-older-adults-with-pre-existing-conditions.html>

Congress looks to ways to lower health care costs, we believe that any efforts to improve ACA marketplace risk pools must not come at the expense of older Americans. Accordingly, we strongly oppose any changes to the maximum age-rating limit of 3:1, reducing the tax credits that make health care affordable, and any weakening protections for those with pre-existing conditions.

We believe that solutions to strengthen the marketplace should increase enrollment, create greater stability and competition in the marketplace, and lower costs for consumers. Congress should initially remove uncertainty from the market by moving from a repeal discussion to a market stabilization discussion. Options include committing to paying for cost-sharing reductions (CSRs), which provide critical assistance to those with modest incomes purchasing coverage, as well as improving the law's risk mitigation programs, such as through reinsurance, to help strengthen the ACA markets and reduce premiums. We have seen insurance companies file 2018 plan rates with double digit premium increases to account for the current uncertainty. In addition, greater certainty would help foster more robust competition among insurance companies in a given marketplace and help provide more financial stability to expand enrollment.

Congress could further help seniors and other Americans with long-term care costs by returning the medical expense itemized deduction threshold from 10 percent to 7.5 percent of adjusted gross income. The tax increase caused by the higher threshold has fallen disproportionately on the sick — even those at more moderate income levels — especially since the deduction provides help to those with large medical costs that often include expensive long-term care costs.

## **Medicaid**

Medicaid is a vital safety net and intergenerational lifeline for millions of individuals, including over 17.4 million low-income seniors and children and adults with disabilities who rely on the program for critical health care and long-term services and supports (LTSS, i.e., assistance with daily activities such as eating, bathing, dressing, managing medications, and transportation). Older adults and people with disabilities now account for about sixty percent of Medicaid spending. As we have previously stated, we have serious concerns that cuts to the program, including recently proposed per capita cap or block grant proposals, would result in a loss of coverage and benefits and services for this vulnerable population.

Similarly, individuals with disabilities of all ages and older adults rely on critical Medicaid services, including home and community-based services (HCBS), for assistance with daily activities such as eating, bathing, dressing, and home modifications; nursing home

care; and other benefits such as hearing aids and eyeglasses.<sup>2</sup> Individuals may have low incomes, face high medical costs, or have already spent through their resources paying out-of-pocket for LTSS, and need these critical services. For these individuals, Medicaid is a program of last resort.

AARP encourages Congress to finally address Medicaid's longstanding institutional bias. When Medicaid was created in 1965, nursing homes were the only option for a person who needed LTSS. States receive the funding they need to provide nursing home care for those who are eligible, but they can only provide HCBS to a more limited extent in practice. It is time to update the law to reflect where and how people want to receive services today. We recommend that states be given the ability to use Medicaid dollars for HCBS – without having to request permission from the federal government. HCBS are more cost effective -- states can serve 3 people in HCBS for every one person in a nursing home on average per person in Medicaid -- and help people live in their homes and communities where they want to be. The change thus makes both fiscal sense and common sense.

## **Medicare**

Our members and other older Americans believe that Medicare must be protected and strengthened for today's seniors and future generations. This requires investment in Medicare, not cuts and cost shifts. The ACA put in place a strong framework for developing and testing new ways to deliver care with the goals of reducing cost and improving outcomes. We support the work the Center for Medicare and Medicaid Innovation (CMMI) is doing, and urge Congress to enhance its ability to improve care coordination across Medicare. This includes investing in quality measurement and reporting infrastructure. Providers, patients, and policy makers deserve to know more about how health care dollars are spent relative to the care being received.

Congress should also continue to invest in waste, fraud, and abuse prevention. Increased funding coupled with more rigorous oversight and enforcement by the Centers for Medicare & Medicaid Services (CMS) and the Internal Revenue Service (IRS) would reduce bad actors and help Medicare's finances. Considering that the return on investment for program integrity efforts is approximately \$5 for every \$1 spent<sup>3</sup>, maintaining adequate resources is crucial.

Lastly, Congress should explore ways to strengthen the Medicare program. Medicare efficiently and effectively delivers high-quality care at affordable prices for consumers.

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<sup>2</sup> Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, "Medicaid at 50", May 2015, 13. Available at: <http://files.kff.org/attachment/report-medicaid-at-50>. Not all 17.4 million people receive LTSS.

<sup>3</sup> The Department of Health and Human Services and The Department of Justice Health Care Fraud and Abuse Control Program, "Annual Report for Fiscal Year 2016", page 8, <https://oig.hhs.gov/publications/docs/hcfac/FY2016-hcfac.pdf>

Yet, traditional Medicare does not cover many aspects of health care, such as hearing, vision, and dental, which Americans rely more and more upon as they age.

## **Prescription Drugs**

We believe that any health care discussion must include solutions to combat the ever growing problem of rising prescription drug costs. Older Americans use prescription drugs more than any other segment of the U.S. population, typically on a chronic basis. We strongly supported the closing of the Medicare Part D coverage gap (“donut hole”) protections created under the ACA and would support an acceleration of that closure. Since the enactment of the law, more than 11.8 million Medicare beneficiaries have saved over \$26.8 billion on prescription drugs.

AARP urges that any changes to the health law also tackle the issue of high prescription drug costs, including steps such as giving the Secretary of Health and Human Services the ability to negotiate drug prices on behalf of Medicare beneficiaries, reducing barriers to better pricing competition worldwide by allowing for the safe importation of lower priced drugs, reducing the amount of market exclusivity for brand name biologic drugs, prohibiting agreements between brand and generic manufacturers that delay timely access to affordable drugs, and greater transparency in prescription drug pricing. AARP stands ready to work with Congress and the Administration on commonsense solutions to combat rising prescription drug costs.

## **Conclusion**

Thank you for the opportunity to provide input on the health care priorities of AARP on behalf of our 38 million members. We look forward to working with you to ensure that we maintain a strong health care system that includes robust insurance market protections, controls costs, improves quality, and provides affordable coverage to all Americans.

Sincerely,

A handwritten signature in blue ink that reads "Jo Ann Jenkins". The signature is written in a cursive, flowing style.

Jo Ann C. Jenkins  
Chief Executive Officer