



May 9, 2012

Dear Member of Congress:

On behalf of over 38 million members and other Americans who are age 50 and older, AARP is writing to express serious concerns with the House Reconciliation proposal pursuant to the Fiscal Year 2013. While the reconciliation package offers ideas for confronting our nation's deficits and debt, AARP believes the proposal lacks balance and could jeopardize the health and economic security of older Americans, as well as their families.

State Health Insurance Exchanges

The reconciliation proposal strikes funding for state health insurance exchanges (Exchanges), as well as rescinds obligated funds which states are relying on for future use. The establishment of the Exchanges is one of a number of initiatives in the Patient Protection and Affordable Care Act (ACA) to improve access to affordable, quality care. AARP believes the Exchanges can promote more cost-effective care, improve pricing transparency, and increase health insurance companies' accountability for quality health care. The Exchanges' functions are critical in determining eligibility for individuals or employers seeking to purchase qualified health plans (QHPs), and in particular for determining eligibility for the premium tax credits under the rules as set out by the IRS. Exchanges are also important for facilitating a seamless eligibility system with State Medicaid programs under the rules set out for Medicaid. AARP supports innovative ways to provide access to affordable, quality care. The House proposal to defund the Exchanges by \$13.5 billion dollars will make it more difficult for millions of Americans to obtain affordable and quality healthcare.

Subsidies – True up

The proposal would require those who receive Exchange subsidies overpayment to repay the full amount of the overpayment. Individuals and families would still be allowed to keep the subsidies they are entitled to receive under the ACA. AARP supports health insurance Exchanges' subsidies to individuals up to 400 percent of the federal poverty level. The subsidies and their proper administration are a critical element in assuring affordability of quality healthcare coverage for individuals and families. Without these subsidies, many of our members and other Americans will not be able to afford coverage or the cost sharing for covered care. We believe that efforts to change percentage limits or decrease the subsidy levels will erode the affordability protection of the credits, and will mean that over time more people will find insurance unaffordable.

Repeal of the Public Health Fund

The proposal repeals the prevention and public health fund. This fund is an important component in state and community efforts to prevent illness and promote health, so that all Americans can lead longer, more productive lives. An estimated 32.5 million people with Medicare received at least one free preventive benefit in 2011, including the new Annual Wellness Visit, since the health reform law was enacted. Seventy-five percent of all health care costs in our country are spent on the treatment of chronic diseases, many of which could be easily prevented. More than 70 million Americans ages 50 and older—four out of five older adults—suffer from at least one chronic condition. More than half of older adults have more than one chronic condition, and 11 million live with five or more chronic conditions. A focus on prevention will not only lead to better health for Americans, but will also help reduce the need for costly treatment and intervention of these chronic diseases.

The prevention and Public Health Fund has also been used to bolster the health care workforce to ensure that consumers would have access to clinicians providing primary care, prevention, and wellness care. In 2010, it helped to transition 800 part time nursing students to full time status to help infuse the healthcare workforce. Without such funding, more consumers would go without necessary preventive and primary care and would end up needing more advanced interventions in acute care or chronic care institutions -- thereby decreasing their quality of life, overburdening the health care delivery system, and increasing the cost of health care. AARP strongly urges the House to oppose repeal of the prevention fund.

Repeal of Medicaid and CHIP Maintenance-of-Effort Requirements

AARP opposes the reconciliation provision eliminating the Medicaid Maintenance-of-Effort (MOE) requirement included as part of the ACA. We are concerned this will lead to state Medicaid cuts that could leave many older Americans, people with disabilities, and children without health care coverage.

Medicaid often covers services that other programs, such as Medicare, do not generally cover, including home health aide and personal attendant care services, as well as nursing home services. In fact, Medicaid is the largest payer of long-term care for older adults and people with disabilities. Because of the extremely high cost of long-term services and supports -- the average annual cost of nursing home care is over \$75,000 -- many older Americans, including middle income Americans, have to virtually deplete all of their personal resources to finance their ongoing care. Medicaid is a last resort for these individuals and many other Americans who find themselves uninsured or uninsurable in the private market due to a catastrophic illness such as cancer. It provides the needed long-term care services that Medicare does not cover.

Starting in 2014, the ACA expands Medicaid coverage for persons with incomes up to 133% of the federal poverty level, to ensure that people who cannot afford care on the private market still have access to core services without the inefficiencies and expense

of uncompensated care. The MOE provisions included in ACA serve as a bridge to 2014, making certain that important health coverage remains in place until the new law is fully implemented. According to the non-partisan Congressional Budget Office's scoring, the MOE elimination would lead to hundreds of thousands of these vulnerable Americans losing coverage each year.

Reducing Medicaid coverage is not the solution for reining in health care costs. To be exact, cuts to Medicaid and CHIP will only result in costly uncompensated care, which in turn will result in higher health care costs in the private market. Rather than simply continue to shift costs, health care costs should be reduced by pursuing more effective ways to deliver and coordinate care; by working to prevent and treat costly chronic conditions; by carefully expanding home and community-based services; and by reining in costs associated with waste and fraud.

Repeal of increased federal Medicaid funding cap and match for territories

AARP opposes the reconciliation provision that would replace the ACA's increased Medicaid federal match and cap for the territories with the levels in place prior to the ACA. We supported raising the cap on Medicaid funding for Puerto Rico, the U.S. Virgin Islands, and the other territories. AARP believes that quality, affordable health coverage should be available to all Americans wherever they reside, and this reconciliation provision would only serve to further increase health care inequities for Americans who live in the U.S. territories. The proposal would cut federal funding for Medicaid in the territories by 65% over the next decade. Such a drastic cut would be a crippling blow that would devastate Medicaid within the territories, as well as budgets within the territories.

Eliminating Social Services Block Grant (SSBG)

The proposal aims to eliminate the SSBG. SSBG serve a unique purpose and are not duplicative of other funding. The original intent of SSBG funds was to increase the flexibility of state governments to set social services spending priorities outside the constraints of federal program dollars. Since SSBG funds must be directed to services for low income and vulnerable persons and enable them to be more independent or gain greater economic self-sufficiency, around 23 million seniors, children and disabled persons will experience reduced or no services since many states lack the capacity to replace the funds if this proposal were to take effect. Home delivered meals (1.7 million seniors), adult protective services and transportation services are most frequently noted as services for seniors supported by the SSBG. In two recent reports by AARP and the National Association of States United for Aging and Disabilities on a wide array of supportive and long-term care services, states acknowledge that maintaining current services levels is the greatest challenge as the population ages at an increasing rate. About 1.8 million children at risk of abuse and 4.4 million kids may lose child care related care services, while an estimated 1 million disabled persons are affected by a loss of transportation funds. Given the extreme vulnerability of the populations receiving services under SSBG, AARP cannot support this approach to balancing the federal budget and urges rejection of this proposal.

Block Grant SNAP and Narrow Eligibility

The reconciliation proposal aims to cut and block grant the Supplemental Nutrition Assistance Program (SNAP). It contradicts the evidence of the major reputable studies on nutrition programs, including the Government Accountability Office's findings that SNAP was very effective in meeting its mission and targeting goals. Further, all the major bipartisan deficit reduction proposals considered by Congress in the past two years have agreed that the safety net needs to be kept intact so those least able are not asked to bear the burden of balancing the federal budget. The House proposal cuts about \$35 billion over 10 years from nutrition programs without sacrifices from farm subsidies or other agriculture spending. The result is a significant reduction in assistance to buy food. 2.7 million seniors are currently receiving SNAP benefits. Additionally, the proposal results in close to 2 million persons being eliminated from SNAP assistance as application and eligibility requirements are tightened by prohibiting coordination with the Low Income Home Energy Assistance Program (LIHEAP) and other low income benefits, eliminating the Recovery Act enhancement that helped SNAP benefits gain on the inflated cost of food during the recession, and capping the amount that can be spent to provide nutrition to low income households. AARP urges Congress to reject proposals to cap or reduce SNAP funding, restrict eligibility or reduce benefits. Instead Congress should support proposals to increase benefit adequacy so that households have the resources to purchase a nutritionally adequate diet.

On behalf of our millions of members and all older Americans, we reiterate our concerns about the harm this reconciliation proposal could cause Medicare and Medicaid beneficiaries, as well as other older Americans and their families. We strongly urge you to enact a reconciliation package that will better protect the interests of our nation's seniors and their families. If you have any questions, feel free to call me, or please have your staff contact Joyce Rogers, Senior Vice President of our Government Affairs office at 202-434-3717.

Sincerely,

A handwritten signature in black ink that reads "A. Barry Rand". The signature is written in a cursive, flowing style.

A. Barry Rand