



February 14, 2012

The Honorable Phil Gingrey, M.D.
442 Cannon House Office Building
Washington, DC 20515

Dear Representative Gingrey:

Thank you for your February 2 letter stating your desire to work with AARP and our nation's seniors to develop approaches to strengthen the Medicare program. AARP has worked tirelessly to protect and preserve the Medicare program for decades, and we welcome open dialogue and discussion to achieve your stated goal of "keeping our commitments to current and future seniors..." From countless interactions with seniors across the country, we know they truly value their Medicare program and want to see it available to them, as well as future generations.

AARP has a long history of support for efforts to strengthen Medicare and to ensure it is available for generations to come. Towards that end, we have worked with both sides of the aisle to support key pieces of legislation, such as the Balanced Budget Act of 1997, the Medicare Drug Improvement and Modernization Act, and most recently, the Affordable Care Act.

Over 47 million older Americans and Americans with disabilities depend on Medicare today, the bedrock of health security for these families. While Medicare is a critical component of health security, challenges remain. The 2011 Medicare Trustees Report, which states the Part A Insurance Fund may become insolvent in 2024, is actually an improvement over previous years. Although we now face the retirement of the large Boomer generation, Medicare's per person costs have dropped significantly.

Perhaps most important, Medicare is only one part of our health care system, a system that is consuming an increasingly larger share of the nation's GDP. Moving forward, AARP hopes to work with you and other Members of Congress to address the fundamental problem of increasing costs throughout the entire health care system. Singling out the Medicare program – either for arbitrary cuts or for increased costs to beneficiaries – will not rein in overall health care costs, nor will it reduce the percentage of our GDP that goes to health care, if it simply shift costs on to other payers of health care services, particularly beneficiaries and their families.

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As Congress discusses ideas and develops legislation to address our nation's deficit and the health care system generally, AARP strongly urges you to keep top of mind the impact of any changes on the Medicare program and on beneficiaries— particularly changes that simply shift costs to seniors. It is critical to know that half of all beneficiaries live on incomes of less than \$22,000, and many already struggle to pay for their ever-rising health and prescription drug costs. We are eager to work with you and others to help prevent seniors from shouldering increased costs in the Medicare program.

In your letter, you mention various pending Medicare policy proposals. We have supported and opposed parts of some, and have reserved judgment pending more detail on others. We have also been on record in support of a number of changes already enacted into law to save money and to improve our health care system. We believe important delivery system reforms – such as Accountable Care Organizations (ACOs), patient-centered medical homes, value-based purchasing, quality-based payments, and patient safety initiatives –hold great promise to hold down systemic health costs, including costs in Medicare. We believe it is important that such reforms are implemented in a manner that achieves higher quality and a more efficient Medicare program, including the improvement of primary and coordinated care, and payment incentives that reward improved outcomes rather than volume.

To avoid harmful cuts, we look forward to working with health professionals such as yourself, and Congress generally, to focus on proposals that would save money and improve our health care system – including our federal programs -- without harming beneficiaries.

In addition, AARP openly supports several cost-saving proposals we believe Congress should consider prior to simply asking older Americans to pay more for their care. For example, AARP believes we can save money in one of the fastest growing health expenditures -- prescription drugs – by taking a number of concrete steps, such as rebates for dual eligibles (which are expected to save the Medicare program over \$100 billion over the next ten years without negatively impacting Medicare Part D). We also support prescription drug savings by opening up the U.S. market through a safe and legal framework for the importation of lower priced drugs from abroad, as well as efforts to move lower priced generics to market, such as by reducing the exclusivity period for biologic drugs. We also support a number of pieces of bipartisan legislation to curb waste and fraud in the Medicare and Medicaid programs.

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As the Medicare debate continues, we are encouraged that you have reached out to work with us to strengthen Medicare. As a knowledgeable health professional, we also look for your insights on ways to reduce costs and improve quality across the entire health care system, which will in turn help improve the Medicare program. Again, thank you for your recent letter, and we look forward to continued dialogue on the critical issues of the future of Medicare and achieving health security in retirement.

Sincerely,

A handwritten signature in black ink that reads "A. Barry Rand". The signature is written in a cursive style with a large, prominent initial "A".

A. Barry Rand