March 17, 2015

Dear Representative:

On behalf of AARP and its 38 million members, I am writing to applaud Congress' efforts to come together, on a bipartisan basis, to replace the flawed sustainable growth rate (SGR). Permanently repealing the SGR will bring stability and predictability to health care providers and to the Medicare beneficiaries they serve. The reimbursement reforms in the bicameral bill are a significant step toward improving quality and value in Medicare. We appreciate the move toward more coordinated care, the streamlined quality reporting system, the greater use of quality measurements, and greater data transparency, among other improvements.

As you know, leaders of both parties are working on a package to advance this legislation. Based on the House leadership's description of the legislative proposal, we believe that this is not a fair deal for America's more than 50 million Medicare beneficiaries. We need to work together to improve the proposal.

While the package makes important extenders like the Qualifying Individual program permanent, others like the Medicare therapy caps are not repealed which will negatively impact access to care for people with long-term, chronic conditions. Both extenders are crucial to ensuring beneficiaries receive needed care and services.

We are very concerned about the current construct of the package, which puts the financial burden on Medicare beneficiaries by asking them to pay for $35 billion of the $70 billion offset. Under the plan, Medicare beneficiaries pay higher Part B and Part D premiums, as well as a $250 deductible for all new beneficiaries’ supplemental Medigap first-dollar coverage policies. Medigap policy holders are not wealthy – in 2011, 46 percent of all policy holders had incomes of $30,000 or less. Asking these Americans to pay more for Medigap policies – either through a deductible, restriction of first-dollar coverage or other avenues – amounts to a tax on seniors. This is on top of the estimated additional $58 billion increase automatically factored into beneficiaries’ standard premiums as a result of the increased program costs (premiums are based on 25 percent of Medicare costs), but that is not officially scored by the CBO.

AARP believes that before asking beneficiaries to pay more for their care, the physician community must be asked to contribute financially to the SGR fix. They will benefit greatly from this legislation and therefore should pay for part of the legislative deal. Also, the SGR fix must include prescription drug savings to help address the increasing burden of high cost prescription drugs on Medicare beneficiaries. Savings through greater access to lower cost prescription drugs would allow you to avoid harmful cost-shifting proposals to beneficiaries, as well as mitigate potential cuts to the provider community.
AARP stands ready to work with Congress to develop a balanced and fair deal for Medicare beneficiaries.

If you have any questions or need additional information, please feel free to call me, or have your staff contact Joyce Rogers, Senior Vice President of Government Affairs at (202) 434-3750.

Sincerely,

Nancy A. LeaMond
Executive Vice President
State and National Group