



601 E Street, NW
Washington, DC 20049

T 202-434-2277
1-888-OUR-AARP
1-888-687-2277
TTY 1-877-434-7598
www.aarp.org

July 29, 2009

The Honorable Henry A. Waxman, Chairman
Energy and Commerce Committee
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Waxman:

AARP commends your leadership in working through the difficult choices associated with enacting comprehensive health care reform legislation. We remain committed to the goals of lowering health care costs, improving the delivery of care, and providing affordable insurance for all. We are pleased that the House Energy and Commerce Committee will resume mark up of its health reform bill, and based on initial reports, the compromise agreement retains key priorities for AARP members.

Throughout this process, AARP has been clear that one of our top priorities is to make sure coverage is affordable for our members who have trouble finding economical, quality health insurance today. Therefore, we are pleased the House bill retains a stricter 2 to 1 limit on how much more insurers can charge older Americans for premiums. The fact is that the income of older uninsured Americans is similar to other uninsured individuals, and it is simply unaffordable – and unfair – to charge them much more in premium costs based on their age.

In addition, we are pleased that the House Energy and Commerce bill still provides sliding-scale subsidies up to 400 percent of the federal poverty level. These subsidies are essential to making certain our members can afford coverage and not pay an unfair percentage of their incomes for health care expenses. For middle income families who will face a requirement to purchase coverage, costs under some proposals could prove excessive. Public acceptance will depend upon premiums set at reasonable levels, and we urge no further retreat from the affordability provisions contained in the House bill.

In addition, we are pleased that the House Energy and Commerce Committee compromise holds the line on additional Medicare savings. As you know, AARP supports policies to eliminate waste, fraud and abuse – and to improve the quality, value and sustainability of the Medicare program for current and future beneficiaries. All of the pending legislative proposals contain provisions designed to achieve these savings, totaling in excess of \$500 billion over the ten-year budget window. Virtually all of the proposed changes correctly focus on provider reimbursement reforms in order to achieve these important policy objectives.

The Honorable Henry A. Waxman
July 29, 2009
Page 2

While it is not surprising that some lawmakers are reluctant to raise revenues, Medicare must not become the default financing option for filling whatever gap in political will exists for other financing options, including revenues.

Over the last week, we conducted nine tele-town hall meetings with over 500,000 of our members, and we listened carefully to their concerns. Thus far, we have reassured them that savings can be found in Medicare through smart, targeted changes aimed at improving health care delivery, eliminating waste and inefficiency, and aggressively weeding out fraud and abuse – not through increasing costs for beneficiaries that make health care less affordable. Our members also consider efforts to completely eliminate the coverage gap, or “doughnut hole,” in the Part D prescription drug benefit to be a critical component of health reform for the Medicare population.

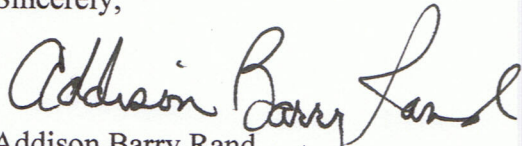
However, notwithstanding the hundreds of billions of dollars in Medicare savings already on the table, some have suggested that beneficiaries be asked to pay more – either in increased cost-sharing or other benefit changes – to help finance an ever-growing share of health care reform. For a population that already spends, on average, nearly 30 percent of their incomes on out of pocket health care costs, this is fundamentally unfair, and our members will not support such changes.

As such, AARP cannot support any efforts to target Medicare beneficiaries for increased cost-sharing or other benefit cuts. In addition, we cannot support backdoor attempts to finance health care reform through increases in beneficiary costs or reductions in benefits, for example, through use of commissions or other process mechanisms. Moreover, we cannot support any mechanism that exempts providers but leaves beneficiaries vulnerable.

We know you share the position, expressed by the President in his July 22 press conference – and reiterated this week in AARP’s own tele-town hall – that health reform will not result in less generous Medicare benefits.

We appreciate your efforts and commitment to health care reform. We know the task ahead is difficult, but we remain firmly committed to working with you to enact comprehensive health care reform this year that improves access and affordability of health care for all. We look forward to supporting a final package that lowers health care costs, improves the delivery and quality of care, and provides affordable insurance for all Americans.

Sincerely,



Addison Barry Rand

cc: Members of the House Energy and Commerce Committee