



February 3, 2012

Dear [Senator/Representative]:

On behalf of the Leadership Council of Aging Organizations (LCAO), a coalition of 66 national nonprofit organizations representing millions of older Americans, we urge you to protect Medicare beneficiaries from higher costs and preserve their access to high quality services in the final compromise for the payroll tax cut “extenders package” reached through the conference process.

Specifically, it is important to prevent increases in Medicare beneficiary cost-sharing, to extend the Qualified Individual (QI) program, to continue the therapy caps exceptions process, and to avert the scheduled 27.4 percent cut to physician fees under the Sustainable Growth Rate (SGR) formula.

The final legislation should not be paid for by increasing costs for people with Medicare, many of whom cannot afford to pay more. Half of Medicare beneficiaries have annual incomes of \$22,000 or less, and Medicare households spend an average of 15 percent of income on health care – nearly three times what those without Medicare spend. Shifting the costs of the program to beneficiaries will cause many to forgo needed services, even among those in the middle class. In addition, there are risks to increasing premiums for those with Medicare who have comparatively higher incomes. Most significantly, policies currently under consideration will not only impact supposedly “high earners,” but over time \middle-class beneficiaries who are less able to manage increased out-of-pocket health costs. We are also concerned about the potential adverse effect of this policy on the Medicare risk pool.

We urge you to consider other sources of savings such as increased revenues. Though not our preference, health-related offsets should only be used to fund health-related policies. If savings must be achieved through health programs, those offsets should reduce Medicare spending without shifting greater costs to people with Medicare. For example, applying Medicaid drug rebates to low-income Medicare beneficiaries in Part D would generate significant savings to the federal government without requiring beneficiaries to pay more out of pocket.

It is crucial to extend the QI program and the Medicare therapy caps exceptions process – policies that Medicare beneficiaries depend upon. The QI program allows state Medicaid programs to pay Medicare Part B premiums for individuals with incomes between 120 and 135 percent of the federal poverty level (about \$13,000 to \$14,700 per year in 2011) who are not otherwise eligible for Medicaid. If the QI program were to expire, the loss of this benefit would leave beneficiaries with significant, unaffordable out-of-pocket costs. Furthermore, if Congress does not act to extend the Medicare therapy caps exceptions process, many will lose access to medically- necessary services that restore and maintain the capacities needed for daily living, and

ensure that they are able to remain as independent as possible in their own homes and communities.

In addition, action must be taken to prevent the looming cut to physician payment rates under Medicare Part B, which creates uncertainty for both Medicare beneficiaries and physicians. Many Medicare beneficiaries fear that they will lose access to their doctors as a result of the SGR formula. We urge that a process be established to replace the SGR payment system with accurate, stable payments that will keep physicians in the program.

We look forward to working with you to ensure that Medicare provides older Americans with access to affordable, high-quality health care services and that this vital program is preserved for the future.

Sincerely,

AARP

AFL-CIO

AFSCME Retirees

Alliance for Retired Americans

Alzheimer's Foundation of America

American Federation of Teachers

American Society on Aging

Association for Gerontology and Human Development in Historically Black Colleges and Universities (AGHDHBCU)

Association of Jewish Aging Services

B'nai B'rith International

Center for Medicare Advocacy, Inc.

Easter Seals

LeadingAge

Lutheran Services in America (LSA)

Medicare Rights Center

Military Officers Association of America (MOAA)

National Academy of Elder Law Attorneys (NAELA)

National Association for Home Care & Hospice

National Association of Area Agencies on Aging (n4a)

National Association of Nutrition and Aging Services Programs (NANASP)

National Association of Professional Geriatric Care Managers

National Association of Social Workers (NASW)

National Association of State Long-Term Care Ombudsman Programs (NASOP)

National Association of States United for Aging and Disabilities (NASUAD)

National Council on Aging (NCOA)

PHI – Quality Care through Quality Jobs

Services and Advocacy for GLBT Elders (SAGE)

Wider Opportunities for Women (WOW)