



Leadership Council of Aging Organizations

James P. Firman, Chair

March 13, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Boehner, Representative Pelosi, Leader Reid, and Senator McConnell:

The Leadership Council of Aging Organizations (LCAO) is a coalition of national nonprofit organizations concerned with the wellbeing of America's older population and committed to representing their interests in the policy-making arena.

In the coming weeks, Congress must make a number of budget decisions that will have an immediate effect on older Americans. As you debate the sequester cuts, a final Fiscal Year 2013 funding package, and a budget resolution for Fiscal Year 2014, we urge you to consider our budget principles, which can be found online: <http://www.lcao.org/files/2013/02/LCAO-Federal-Budget-Principles-Dec2012.pdf>.

The undersigned members are deeply disappointed that the across-the-board sequester is in effect. The sequester harms supports and services for the elderly and their families, and does not represent the balanced approach to deficit reduction promoted by the LCAO. We support a balanced approach to long-term deficit reduction that includes budget savings from increases in revenue and thoughtful, targeted reductions in spending when and where necessary, without increasing poverty or income inequality.

In addition, when the **FY 2013 continuing resolution** (CR) expires on March 27, we encourage you to use this opportunity to ensure adequate funding for vital discretionary programs that help older adults age with health and independence.

And as you develop a **budget resolution for Fiscal Year 2014**, we urge you to provide sufficient resources for discretionary programs for older adults. The budget resolution must also protect Medicaid, Medicare, and Social Security from benefit cuts.

Allowing the sequester to continue in any form is unacceptable and does not reflect the fact that more than \$1.5 trillion in the deficit reduction achieved in the 112th Congress came from discretionary programs, even though they account for less than one-third of federal spending. As a result, non-defense discretionary (NDD) spending will fall to its lowest level on record as a percent of Gross Domestic Product (GDP). These unfair and skewed cuts will hobble essential supports for burgeoning numbers of older Americans.

That is why we remain opposed to the level of NDD cuts in the sequester and call for any future deficit reduction to be balanced, protect vulnerable Americans and middle class families, and ask more from those best able to contribute toward deficit reduction.

Specifically, we call for:

1. A Balanced Approach that Includes Revenues

Approximately 72 percent of recently enacted deficit reduction efforts have come from spending cuts – a ratio of about 2.8 to 1, relative to revenues. Requiring 100 percent of future deficit reduction to come from additional spending cuts, with no revenue contributions, would result in a ratio of almost 5 to 1 or more. Clearly, this is not balanced, sustainable fiscal policy, does not represent the fair, shared sacrifice our nation needs, and fails to recognize our longstanding commitment to protect the most vulnerable Americans, including older adults.

2. No Harm to Medicare and Medicaid Beneficiaries

We have grave concerns about the level and nature of Medicare and Medicaid cuts being considered as part of a larger deficit reduction agreement. The focus should be on reducing the rate of increase in national health expenditures by addressing the systemic causes of overall health care costs and inflation, not shifting costs onto consumers, jeopardizing access to needed care, or singling out Medicaid and Medicare, which are currently experiencing historically low cost growth. Cutting benefits is both fiscally short-sighted and harmful to the millions of families who depend on Medicare and Medicaid as health and economic lifelines. The essential structure and integrity of these programs must be maintained.

Shifting additional costs onto Medicare beneficiaries does not take into account three critical facts: (1) The vast majority of beneficiaries have low or modest incomes. Half of all people with Medicare live on incomes of less than \$22,500 per year – just under 200 percent of the federal poverty level; (2) The Medicare benefit package is not overly generous. In fact, Medicare only covers about half of beneficiaries' health care costs; and (3) Medicare beneficiaries already pay significant out-of-pocket costs. The amount of Social Security benefits devoted solely to premiums and cost-sharing has risen from 7 percent in 1980 to 26 percent in 2010 – over one quarter of average Social Security incomes.

Medicaid is a critical program for millions of low-income seniors. It is the principal payer for seniors' long-term care, paying for 62 percent of spending. Legions of direct-care workers – currently numbering approximately 4 million – provide this essential care, funded by Medicaid. Medicaid also pays Medicare premiums for low-income beneficiaries, who otherwise would not be able to afford Medicare, through the Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB) programs. Assistance with cost sharing is also provided under the QMB program. Federal Medicaid cuts would jeopardize access to these essential services and supports for our nation's most vulnerable older Americans and have significant implications for the economy and jobs.

3. Protecting the Promise of Social Security

Social Security cannot, and indeed does not, add one penny to the debt. Any budget agreement should recognize this fact and should refrain from unfairly using the program as a bargaining chip in deficit reduction negotiations. Proposals to impose a chained CPI, means-test Social Security benefits, or raise the retirement age are benefit cuts that would drastically harm both today's and future generations of older Americans while doing nothing to reduce the federal deficit.

Specifically, proposals to cut Social Security by using a chained CPI to reduce the cost of living adjustments would permanently—and immediately—cut these hard earned benefits and would weaken this critical program for generations of retirees, individuals with disabilities, and spouses or children of deceased workers.

We look forward to working together to find thoughtful, bipartisan solutions to meeting our nation's fiscal challenges, while building economic and health security for older Americans and their families, strengthening the middle class, and promoting job growth. The nation can and should reduce the deficit over time through a balanced approach that includes budget savings from increases in revenue and thoughtful, targeted reductions in spending when and where necessary, without increasing poverty or income inequality.

Sincerely,

AFSCME Retirees

Alliance for Retired Americans

Alzheimer's Foundation of America

American Society on Aging

Association for Gerontology and Human Development in Historically Black Colleges and Universities

Association of BellTel Retirees

Association of Jewish Aging Services

B'nai B'rith International

Center for Medicare Advocacy, Inc.

Easter Seals

LeadingAge

Lutheran Services in America

Meals On Wheels Association of America

Medicare Rights Center

Medicare Rights Center

National Adult Protective Services Association

National Alliance for Caregiving

National Association of Area Agencies on Aging

National Association of Nutrition and Aging Services Programs

National Association of Professional Geriatric Care Managers

National Association of RSVP Directors

National Association of State Long-Term Care Ombudsman Programs

National Association of States United for Aging and Disabilities

National Committee to Preserve Social Security and Medicare

National Council on Aging

National Hispanic Council on Aging

National Senior Citizens Law Center

OWL-The Voice of Midlife and Older Women

PHI – Quality Care through Quality Jobs

Services and Advocacy for GLBT Elders

cc: Members of the U.S. Senate and U.S. House of Representatives