



Leadership Council of Aging Organizations

Debra B. Whitman, Chair

December 4, 2014

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

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, DC 20515

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

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner and Minority Leader Pelosi:

I am writing on behalf of the Leadership Council of Aging Organizations (LCAO), a coalition of 71 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. We write today about the Medicare physician payment formula. Members of LCAO urge you to repeal and replace the Sustainable Growth Rate (SGR) formula, and to enact a permanent solution for critical health care extenders during the current lame duck session of Congress.

The SGR formula is fundamentally flawed and permanent changes to the Medicare reimbursement system are long overdue. Congress has enacted 17 temporary legislative patches since 2003, at a higher cost than what would have been spent if the payment formula had been fixed more than a decade ago. Recent bipartisan proposals to fix the SGR would replace the current volume-based payment system with one that rewards quality, efficiency and innovation.

While it is in the best interest of Medicare beneficiaries and their doctors to find a permanent SGR solution, an SGR fix should not increase the burden of health care costs for people with Medicare, jeopardize access to needed care, or worsen the already tenuous economic circumstances facing many people with Medicare. Half of all Medicare beneficiaries—nearly 25 million older adults and people with disabilities—live on annual incomes of \$23,500 or less, and one quarter live on \$14,400 or less.¹ Most people with Medicare simply cannot afford to pay more for health care, and we oppose proposals that would shift additional costs onto them.

¹ Jacobson, G., Huang, J., Neuman, T., and K.E. Smith, "Income and Assets of Medicare Beneficiaries, 2013 – 2030," (Kaiser Family Foundation: January 2014), available at: <http://kff.org/report-section/income-and-assets-of-medicare-beneficiaries-2013-2030-issue-brief-savings-of-medicare-beneficiaries/>

Additionally, any permanent SGR solution must include a permanent fix for key extenders policies, which are historically addressed by Congress alongside SGR patches. Specifically, we support making the Qualified Individual (QI) program permanent. The QI program provides needed premium assistance to vulnerable, low-income Medicare beneficiaries with incomes from 120% to 135% of the federal poverty level. In addition, in the absence of full repeal of Medicare outpatient therapy caps, we support making the exceptions process permanent. Finally, we support permanently extending funding for critical community-based resources. This includes outreach and enrollment assistance to low-income Medicare beneficiaries and Aging and Disability Resource Centers (ADRCs), the “no-wrong door” network of long-term care services and supports information and referral services.

As another SGR deadline approaches, we urge you to act now during the lame duck session to repeal and replace the SGR and to enact permanent solutions for health care extenders policies that are vital to the health and financial well-being of people with Medicare.

Sincerely,

Debra B. Whitman,
Chair, Leadership Council of Aging Organizations