March 21, 2014

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Wyden and Ranking Member Hatch:

On behalf of AARP's 38 million members and the millions of Americans with Medicare, thank you for your bipartisan and bicameral work to reform Medicare provider reimbursement and the sustainable growth rate (SGR) formula.

We are encouraged by the effort to provide a thoughtful and realistic path towards a new provider reimbursement system that will increase stability and ensure Medicare beneficiaries receive high-quality, high-value care. As such, we are generally supportive of the policy reforms included in S. 2000, the *SGR Repeal and Medicare Provider Payment Modernization Act*. However, this legislation did not include vital health extenders and beneficiary protections which are typically addressed in regular "doc fix" legislation. Programs, such as the Qualifying Individual (QI) low-income premium subsidy program and the therapy cap exceptions process, ensure beneficiaries have access to needed care and services.

Therefore, we urge you to pass S. 2110, the *Medicare SGR Repeal and Beneficiary Access Improvement Act*. While we strongly prefer a permanent extension of the QI program, rather than for five years, this bill addresses many of the beneficiary concerns not included in S. 2000. Moreover, it does not pay for physician reimbursement by shifting costs onto beneficiaries through higher copays, premiums, or deductibles. Beneficiary premiums are established to cover 25% of Part B costs. As a result, a quarter of any increase in Medicare spending over current law will automatically be borne by the beneficiary. Proposals to add additional costs-sharing are unfair, considering most seniors have a limited income, and are an inequitable way to increase Medicare payments for providers.

Alternatively, overseas contingency operations (OCO) funding should be used to offset much of the budgetary impact. Utilizing OCO funding would reduce the burden placed on both providers and beneficiaries. Likewise, savings through greater access to lower cost prescription drugs would allow you to avoid making harmful Medicare benefit cuts, as well as mitigate potential cuts to providers to finance the SGR fix. We urge you to give strong consideration to proposals to lower the cost of prescription drugs – proposals that could save as much as $150 billion – without shifting costs onto beneficiaries.

Again, we thank you for your leadership on this issue, and remain eager to work with you in order to avoid harmful reimbursement cuts scheduled for March 31. If you have any questions, please feel free to contact me or have your staff contact Ariel Gonzalez of our Government Affairs team at (202) 434-3750.

Sincerely,

Nancy A. LeaMond
Executive Vice President
State and National Group