



September 21, 2011

The Honorable Wally Herger
Chairman
Ways and Means Health Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pete Stark
Ranking Member
Ways and Means Health Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Herger and Ranking Member Stark:

On behalf of AARP's millions of members and the millions of older Americans and their families who depend upon the Medicare program, we thank you for holding this important hearing to discuss the expiring Medicare provider payment policies. While there are a number of Medicare provider issues that are set to expire by the end of the year, we would like to focus our remarks on Medicare physician payment policies; the physician fee schedule mental health add-on payment; the therapy caps exceptions process; and the qualified individuals (QI) program.

Medicare Physician Payment Policies

Protecting seniors' access to their Medicare doctors is one of AARP's top priorities. Our members -- whether they are Democrats, Republicans or Independents -- tell us they want Congress to find a bipartisan, fiscally responsible solution that will keep doctors in the Medicare program. They are concerned that they will lose access to their doctors and future retirees won't be able to get the care they need.

Unless Congress acts by the end of the year, physicians who treat Medicare beneficiaries will face a 30 percent reduction in their Medicare reimbursements. Facing this constant uncertainty and dramatic cuts to their payments, more and more physicians are choosing to no longer take Medicare patients, which impacts beneficiaries' access to care.

Repeated short-term band-aid approaches for the broken physician payment system is not helpful. Rather, we urge Congress to enact legislation that changes payment policies to emphasize value over volume and improves outcomes and the quality of care for Medicare beneficiaries.

As Congress moves forward in developing an improved physician payment system, it is important to remember that Medicare beneficiaries' premiums and cost-sharing are directly tied to Part B program costs. Today, older people, on average, already spend nearly 20 percent of their income on health care. Imposing additional cost-sharing requirements on seniors will likely result in many more beneficiaries finding it difficult to pay for the care they need.

Physician Fee Schedule Mental Health Add-On Payment

One in four older Americans experience some form of mental disorder. According to a 2006 Institute of Medicine report, mental health disorders seldom occur in isolation and also tend to accompany a substantial number of general medical illnesses, making them difficult to detect. Two-thirds of older adults with mental health problems do not receive the treatment that they need.

Unfortunately, Medicare does not provide parity in its mental health coverage. In addition, the Centers for Medicare & Medicaid Services (CMS) recently reduced Medicare Part B reimbursement for certain mental health services. Thus far these cuts have been averted by legislation that provides and extends a five percent add-on payment for 24 psychiatry current procedural terminology (CPT) codes, which helps to ensure that Medicare beneficiaries have continued access to mental health professionals.

We are concerned that allowing the mental health add-on payment to expire will negatively impact Medicare beneficiaries, particularly those in rural areas where mental health services may be limited. Therefore, we urge Congress to renew the mental health add-on payment.

Therapy Caps Exceptions Process

Under current law, beneficiaries are subject to an annual limit (\$1,860 in 2010) for all outpatient therapy services provided by non-hospital providers. Over the years, Congress has either prevented the caps from being implemented or, more recently, established an exceptions process where Medicare beneficiaries could be granted an extension and receive unlimited medically necessary therapy services. Unfortunately these exception provisions are set to expire at the end of the year.

If Congress fails to extend the exceptions process, Medicare beneficiaries who require medically necessary physical or speech therapy will have limited Medicare coverage for those much-needed services. Beneficiaries who exhaust this limited coverage will have to pay out-of-pocket for these services. As a result, many may forgo treatment, thus negatively impacting their health care.

AARP strongly supports extending the therapy cap exceptions process so that Medicare beneficiaries can continue to receive coverage for medically necessary physical and speech therapy services.

Qualifying Individual (QI) Program

The Qualifying Individual (QI) program provides funds to states to pay the Medicare Part B premiums for low-income Medicare beneficiaries with incomes between 120 percent and 135 percent of poverty. The QI program is capped and allocated to states as grants. As a result, participation in this much-needed program is often offered on a first-come, first-served basis until the yearly funds have been exhausted.

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Hundreds of thousands of low-income Americans rely on the QI program in order to help defray their health care costs. Without this valuable program, these individuals would be more likely to forgo their care due to cost considerations and thus would end up costing the Medicare and Medicaid programs more in the long run.

AARP has long urged Congress to make the QI Program permanent. Absent that, we again encourage Congress to extend the QI program.

Conclusion

Over 47 million older and disabled Americans depend on Medicare today. AARP is committed to working with both sides of the aisle to ensure Congress passes legislation to address these expiring Medicare payment policies. If you have any questions, please feel free to call me or have your staff contact Anna Schwamlein Howard on our Government Affairs staff at 202-434-3770.

Sincerely,



Joyce A. Rogers
Senior Vice President
Government Affairs