

Dear Chairmen Herger and Boustany, and Ranking Members Stark and Lewis,

Please accept this letter and accompanying testimony to be submitted for the official record. As the President of the Association of Mature American Citizens (AMAC), an organization representing American citizens aged 50 years and older, I want to commend the US House of Representatives Committee on Ways and Means on its decision to conduct the hearing "AARP's Organizational Structure and Finances" on Friday, April 1st, 2011.

Too often, policymakers and the general public assume that AARP represents the voices of all mature Americans. However, an increasing number of citizens believe that AARP has irresponsibly strayed from representing the interests of elder Americans and that a more balanced focus on the real concerns of seniors and retirees is long overdue. The Association of Mature American Citizens (AMAC) is a nonpartisan organization looking out for the interests of Americans 50 years of age and older. Considered an alternative to AARP, our organization has grown to over 100,000 members since its founding in 2007. AMAC endeavors to be advocates for seniors by promoting commonsense government and offering discounts on insurance hotels, car rentals and other products and services.

AMAC is pleased to see that your committee is taking a proactive and forward leaning look at the issues being covered in this hearing, and would like to engage with your committee on a range of critical concerns that American seniors and prospective retirees face. We greatly look forward to any opportunity to provide any insights or answer any questions regarding these or other matters that would be of concern to your committee or to American citizens over 50.

Thank you for your time and consideration.

Sincerely,

Dan Weber, President and Founder of the AMAC Foundation

- Statement for the Record -

Daniel Weber

**President and Founder of the Association of Mature American Citizens
(AMAC)**

**House Committee on Ways and Means
Subcommittees on Health and Oversight**

“AARP’s Organizational Structure and Finances”

Friday, April 1, 2011 - 9:00 AM

1100 Longworth House Office Building

Contact and Administrative Information

Testimony Attribution:

Daniel Weber, President and Founder of AMAC

AMAC, The Association of Mature American Citizens

Address and Contact Information:

**AMAC
39308 Treeline Dr.
Lady Lake, Fl., 32159**

Main Phone: 352-751-3315

AMAC Phone: 352-561-4767

Email: WeberBenchmark@aol.com

Testimony submitted from Daniel C. Weber, President, the Association of Mature American Citizens (AMAC) for the House Ways and Means Committee on the April 1st, 2011 hearings concerning the AARP and the tax protection afforded that organization according to Sections 501 (c)3 and 501 (c)4 of the Internal Revenue Code.

My name is Daniel Weber and I am the president of the Association of Mature American Citizens, also known as AMAC. We are a similar organization to AARP in that we represent the views and interests of older Americans. After only four years in existence, we have over 135,000 paid members across the United States, most of who have joined in the last year. We are an organization that puts a premium on sound policy and maintaining focus on the concerns of elder Americans, retirees and senior citizens. In fact, our determined practice to stay focused on senior interests has helped to separate us from other senior citizen advocacy groups. Because of our commitment to senior causes and concerns, we continue to experience rapid growth in membership.

A number of core principles guide our efforts and operations. AMAC champions the traditional values held by most older Americans and seniors – specifically, faith, family, personal responsibility and individual freedom. Our organization views ideal government as a limited entity that has the responsibility to protect the freedoms enjoyed by the people, rather than a structure that rewards some groups at the expense of others. AMAC strives to keep a spotlight on the needs and concerns of their members, particularly as elder Americans struggle to maintain a voice in Washington and in the general public.

I have personally belonged to AARP for a number of years and, having been a longtime member (15+ years), am intimately familiar with their activities, services and policies. Additionally, as an owner of an insurance agency for over thirty years – with extensive experience in that field – my professional background gives me a unique perspective on the questions surrounding the conduct of AARP. Many of the specific issues covered in the April 1st hearing are directly in line with my professional understanding and are worthy of additional comment.

Primary Issues of Concern

With regard to the tax issues; the AARP Foundation is the charity arm of their conglomerate, covered by Section 501 (c)3 of the Code. That Section has clear guidelines and specifications as to allowable transactions. AMAC feels the Internal Revenue Service should conduct a proper investigation and issue a report to the public on the matter of AARP's allowable transactions.

The most important question is the potential for the intermingling of resources between the two types of organizations AARP operates under. In order for the public to have faith in organizations like AARP and others, including AMAC, they must be assured that their activities are being properly conducted in a fair and honest manner. AMAC salutes the work of the House Committee on Ways and Means in that regard.

In all fairness, AMAC sees nothing wrong with AARP offering various insurance products to their members. We agree that the income from insurance royalties does help in keeping the cost of membership dues at a low level, thus enabling low income folks to join the organization.

That being said however, our objection to AARP centers on the manner in which the organization conducts its business and what we see as an increasingly quid pro quo alliance between AARP and the federal government on particular issues. More specifically, the political agenda advanced by AARP – communicated in their various media statements and publications – serves to produce a direct increase in income from the laws they endorse. Compounding that, it is our opinion that the laws AARP have supported will actually, unfortunately, result in severe financial cost to Americans aged 65 and older, the very people that AARP was chartered to represent and protect!

The Affordable Health Care Act for America serves as the most salient example of this, the introduction and passage of which was supported wholeheartedly by AARP. That law contains provisions that will reduce the government's contribution to Medicare Advantage Plans, causing millions of older citizens to be faced with an increased cost in their premiums or, in some cases, the total elimination of their plans.

Medicare Advantage plans cost very little or nothing to most of the policyholders and they fill most of the gaps of coverage in basic Medicare. In order to replace that coverage, those people will have to purchase MediGap policies, which are plans sold by insurance companies to cover the medical costs not covered by basic Medicare. Typically, there is a deductible in the Hospital coverage (Part A) and a 20% copayment in Medical services from doctors (Part B). These MediGap policies are also called Supplemental Medicare policies and cost between two and three thousand dollars per year on average. Thus, older Americans, mainly low income senior citizens, will now have to face a difficult financial burden because of the lobbying efforts of AARP.

Critical to note is that AARP is the largest supplier of MediGap policies in the United States and according to public records, AARP receives the largest share of its income from royalties received from the sale of these policies. Therefore, it is very likely that AARP will increase their sales of MediGap policies producing millions of dollars of additional income to their organization.

Unless adequate changes are made to the law, AARP could stand to attain a significant financial advantage as a result of these MediGap provisions in the Affordable Health Care Act for America. At the very least, these connections raise a serious ethical issue that should be addressed by the committee or any other relevant body.

Equally serious is the failure of AARP to have notified their existing Supplemental Medicare policies that Medicare Advantage Plans were available that could have saved them thousands of dollars each year.

While it can be clearly shown that AARP did send various mailings to their members about the availability of Medicare Advantage plans, the method of communication did not include specific information showing members their potential individual savings. Nor was an easy-to-understand

offer comparing a Medicare Advantage plan to a Supplement plan – which would show specific cost differences – ever sent to their members. As an AARP member, I can testify that I know this failed to occur. And in our opinion, policy holders of AARP’s supplemental plans should have been sent a personalized quote with details comparing the two plans side by side, including a price comparison.

Furthermore, AMAC feels such a comparison would have resulted in a substantial number of people switching from a Supplemental plan to a Medicare Advantage plan. As an example, an 87 year old widow from Ocala, Florida who’s only income was from Social Security saved approximately \$3,000 per year by switching from an AARP Supplemental policy to an AARP Medicare Advantage policy.

AMAC understands that there are certain times a Medicare Advantage plan may not be in the best interest of the Medicare beneficiary; this may be due to eligibility issues, doctor’s acceptance guidelines or other factors. Nonetheless, AMAC feels it was incumbent upon AARP to have made the effort to provide the best plan to each of their members. In fact, given the potential gains for AARP in the Affordable Health Care Act for America, one is left to wonder if, in not providing all of its members an objective analysis of both Supplemental plans and Medicare Advantage Plans, AARP was trying to secure a financial advantage at the expense of members’ interests. In our view, at the very least, AARP could have made a more complete effort to conduct proper due diligence on these matters.

One final issue worthy of scrutiny – though it pertains to general business decision-making – is the decision of AARP’s management to sponsor an automobile racing car with NASCAR, an effort with a price tag of \$25 million dollars a year. While we understand that the announced reason for the sponsorship was to publicize the efforts of AARP’s program against hunger for the elderly, we question whether it would have been more effective just to use that money to purchase lunch and dinner for the poor. Breaking down the numbers helps make the point. For example, at \$10 per meal, over two and a half *million* meals could have been provided had the money not been allocated towards a racing team sponsorship.

Important to consider in all of this is perception. Simply put, if the advertising benefit received from the Foundation’s expenditure reflects upon the central AARP Corporation – as most folks are not aware of the difference between them – it *could be* interpreted that the use of those funds to sponsor a racing car *may* have been improper, or, at the very least, not in keeping with the best interests of AARP members. Again, this is merely a point to highlight how specific monies could be used for more direct outcomes, and to illustrate a difference in approach between AARP and other senior advocacy organizations. It should also be noted that the 501 (c)4 corporation, which is the form of their main organization, is a much more complex entity – and therefore, AMAC feels the Committee should rely upon the information provided to them by the IRS.

In conclusion, AMAC applauds any further effort by the House Committee on Ways and Means to address or investigate whether or not AARP stands to net increased financial gain via provisions in the Affordable Health Care Act for America law or through any other channels that may not be in accordance with the interests of elder Americans, retirees or senior citizens.