



American Association of
HEALTH PLANS

June 12, 2003

The Honorable Bill Thomas
Chairman
House Ways and Means Committee
1102 Longworth Building
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the American Association of Health Plans (AAHP) and our member plans, I am writing to express our strong support for your draft proposal which stabilizes the Medicare+Choice program for millions of beneficiaries, provides prescription drug coverage, and modernizes the Medicare program to include a broader choice of PPOs and other private health plan options.

We are particularly pleased that, at this stage of the legislative process, your draft proposal includes important provisions to address the funding crisis in the Medicare+Choice program. By making structural changes in the Medicare+Choice payment formula, your draft legislation would not only help stabilize—but also make it possible for health plans to come back into or, in other cases, expand their service areas in—a program that plays a meaningful and significant role in meeting the health care needs of many low-income and minority beneficiaries and is the basis for expanding private sector participation in Medicare.

We also believe that beneficiaries stand to gain a great deal from reforming Medicare to increase private sector choices. We believe structures for encouraging private health plans to serve beneficiaries, such as the new enhanced Medicare fee-for-service program outlined in your draft bill, are the right direction for reform, and we are actively looking forward to expanded opportunities to serve our nation's seniors. Public-private partnerships can provide beneficiaries with expanded health plan choices—the same kinds of choices that are available to Americans under the age of 65—and high quality health care that includes prescription drug coverage. As you know, in order for a competitive Medicare system to exist as more than a goal, action must be taken to ensure that private health plan choices remain a viable option. Therefore, it is critically important for Congress to adopt your recommendations to stabilize the Medicare+Choice program for beneficiaries whose choices and benefits currently are threatened by the longstanding crisis in this program.

Thank you again for your leadership in the effort to provide Medicare beneficiaries with a true “Medicare Advantage.” We look forward to working with you as you address these important issues and make further improvements and refinements as this legislation moves through Congress.

Sincerely,

Karen Ignagni