CHARLES B. RANGEL, NEW YORK,
CHAIRMAN

FORTNEY PETE STARK, CALIFORNIA
SANDER M. LEVIN, MICHIGAN
JIM McDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MASSACHUSETTS
JOHN S. TANNER, TENNESSEE
XAVIER BECERRA, CALIFORNIA
LLOYD DOGGETT, TEXAS
EARL POMEROY, NORTH DAKOTA
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
EARL BLUMENAUER, OREGON
RON KIND, WISCONSIN
BILL PASCRELL, JR., NEW JERSEY
SHELLEY BERKLEY, NEVADA
JOSEPH CROWLEY, NEW YORK
CHRIS VAN HOLLEN, MARYLAND
KENDRICK B. MEEK, FLORIDA
ALLYSON Y. SCHWARTZ, PENNSYLVANIA
ARTUR DAVIS, ALABAMA
DANNY K. DAVIS, ILLINOIS
BOB ETHERIDGE, NORTH CAROLINA
LINDA T. SÁNCHEZ, CALIFORNIA
BRIAN HIGGINS, NEW YORK
JOHN A. YARMUTH, KENTUCKY

JANICE MAYS,
CHIEF COUNSEL AND STAFF DIRECTOR

Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS
1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625
Washington, DC 20515-6348
http://waysandmeans.house.gov

DAVE CAMP, MICHIGAN
WALLY HERGER, CALIFORNIA
SAM JOHNSON, TEXAS
KEVIN BRADY, TEXAS
PAUL RYAN, WISCONSIN
ERIC CANTOR, VIRGINIA
JOHN LINDER, GEORGIA
DEVIN NUNES, CALIFORNIA
PATRICK J. TIBERI, OHIO
GINNY BROWN-WAITE, FLORIDA
GEOFF DAVIS, KENTUCKY
DAVID G. REICHERT, WASHINGTON
CHARLES W. BOUSTANY, JR., LOUISIANA
DEAN HELLER, NEVADA
PETER J. ROSKAM, ILLINOIS

JON TRAUB,
MINORITY STAFF DIRECTOR

October 23, 2009

Mr. A. Barry Rand, CEO
AARP
601 E Street, NW
Washington, DC 20049

Dear Mr. Rand:

We are writing to express our deep concern that AARP is not being forthright with seniors about the consequences of health care legislation currently being proposed by President Obama and Democrats in Congress. AARP has spent millions of dollars on advertisements supporting health "reform" bills that would cut half a trillion dollars from Medicare, and insists that these cuts can be made without affecting seniors' Medicare benefits. This assertion contradicts independent analysis of the Democratic proposals conducted by the Congressional Budget Office (CBO), Centers for Medicare and Medicaid Services (CMS) Office of the Actuary, and the Medicare Payment Advisory Commission (MedPAC).

In particular, David Sloane, AARP's senior vice president for government relations, was quoted in a September 28th Washington Post story as denying that cuts in payments to Medicare Advantage (MA) plans would result in benefit cuts for seniors who enroll in these plans: "'It's up to the insurance companies to decide how they want to manage' the budget cuts, Sloane said. 'We believe it's entirely within their realm to continue to deliver Medicare benefits at the same level they do now.'"[1]

However, a recent statement by Stephen Hemsley, CEO of UnitedHealth Group, which partners with AARP to sell countless insurance products, paints a very different picture. According to an October 20th Bloomberg story, Hemsley recently told investors that the company will respond to the Democrats' proposed Medicare cuts by charging higher premiums and "changing benefits".[2] "Changing" benefits means benefits will be cut. AARP received over $411 million in royalties from UnitedHealth Group in 2008 alone for using AARP's lucrative

[1] Montgomery, Lori. "On Medicare Spending, A Role Reversal." Washington Post, September 28, 2009 <http://www.washingtonpost.com/wp-dyn/content/article/2009/09/27/AR2009092703277.html>
[2] Nussbaum, Alex. "UnitedHealth Boosts Insurers With Medicare Optimism." Bloomberg, October 20, 2009

brand name to sell Medicare plans.[3] It is deeply troubling that you appear to be telling seniors a different story about the impact of MA cuts than your corporate partner is telling investors.

In addition to Hemsley's recent comments, both CBO and MedPAC have stated that seniors enrolled in Medicare Advantage could lose extra benefits, like dental, vision, and hearing coverage, and see their out-of-pocket costs increase under the policies contained in the Democrats' health care legislation. Most recently, the CMS Office of the Actuary estimated that the cuts in H.R. 3200 will decimate Medicare Advantage, resulting in 64% fewer seniors having access or being able to afford a Medicare plan.

At an October 1st hearing of the House Committee on Ways and Means, one of us (Mr. Herger) questioned LeRoy Gilbertson, a member of AARP's National Policy Council, about the discrepancy between AARP's position and the expert analysis of CBO and MedPAC. While Mr. Gilbertson did not feel qualified to answer these questions, he assured the Committee that AARP would provide a response in writing. As of three weeks later, no response has been forthcoming.

Senior citizens in our districts and across the country deserve to know the truth about how the proposals being considered in Congress would affect their health care. We are very concerned that AARP is misleading seniors by making statements that directly contradict those of its corporate partners, as well as CBO, MedPAC, and CMS actuaries. In the interest of ensuring that seniors have access to trustworthy information, we would ask you to respond to the following questions:

1) Given the aforementioned quote from David Sloane and AARP's claim that the Democrats' health reform bill won't harm seniors, will AARP relinquish its role as a business partner with UnitedHealth Care for the purposes of selling Medicare Advantage plans if the cost of these plans go up and /or the benefits are cut? Will AARP refuse the hundreds of millions of dollars it would have otherwise received for selling such plans?

2) How does AARP reconcile its claim that the 11 million seniors in Medicare Advantage will be able to continue receiving benefits "at the same level they do now" with the statement of AARP's corporate partner that plans will raise premiums and cut benefits in response to proposed changes in Medicare?

3) AARP's website claims that it's a "myth" that "health care reform will hurt Medicare" and that it's a "fact" that "none of the health care reform proposals being considered by Congress would cut Medicare benefits or increase your out-of-pocket costs for Medicare services."[4] Is AARP suggesting that CBO, MedPAC, and the CMS Office of the Actuary – all of whom have stated that Medicare Advantage cuts are likely to result in lower benefits, higher premiums, or loss of choices for seniors – are spreading lies about the proposed health care bill?

---

[3] AARP, "Consolidated Financial Statements December 31, 2008 and 2007." March 30, 2009. <http://assets.aarp.org/www.aarp.org_/TopicAreas/annual_reports/assets/AARPConsolidatedFinancialStatements.pdf>

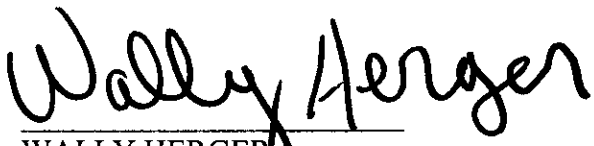
[4] AARP, "Health Action Now! Myths vs. Facts." < http://aarp.convio.net/site/PageNavigator/Myths_vs_Facts>

4) If CBO, MedPAC, CMS, and UnitedHealth are correct about the impact of proposed Medicare Advantage cuts, why hasn't AARP stood by its stated policy positions and come out in opposition to these proposals that will harm seniors' Medicare benefits?

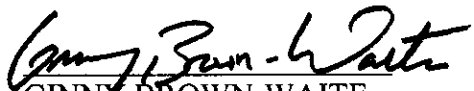
5) Notwithstanding your leadership's views, has there been any effort by AARP to inform your membership of the nonpartisan analysis provided by these groups so your members can have the benefit of all views on the impact to Medicare of proposed health care legislation?

Considering the importance and time-sensitive nature of the health care debate, we would appreciate your prompt attention to this matter. We look forward to receiving your response in writing.

Sincerely,



WALLY HERGER
Ranking Member, Health Subcommittee



GINNY BROWN-WAITE
Member of Congress

DAVE REICHERT
Member of Congress