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Congress of the United States
House of Representatives
Washington, DC 20515

September 25, 2009

Lori K. Parham
State Director
AARP Florida, Tallahassee Office
200 W College Ave, Suite 304
Tallahassee, Florida 32301

Dear Ms. Parham:

Thank you for your reply. Many of my constituents have written to their papers and to me about our last exchange. It seems that our correspondence is educating many about AARP's mission, motivation, financial incentives and goals for health care reform. Many of my older, retired constituents were surprised to learn that you have relegated their concerns to the back seat in favor of younger, working Americans, and that protecting Medicare from broad cuts was not AARP's top priority. I look forward to hearing back from you and will continue to post our letters on my Website so that my constituents can make up their own minds.

I have already looked through your annual reports. Without knowing how many policies and of which kinds are sold, it is impossible for your members or me to determine the quality of the information I seek. So let me ask yet again; what is the margin, revenue, royalty or profit you earn per policy sold? Since you continue to be evasive in your answers, let me spell it out: I would like to know the margin for each policy sold: auto, health, dental, mobile home, vision, etc.? If you sell a policy, your members, the IRS, and Congress have a right to know what you receive financially in exchange for your branding or licensing. If you maintain that you do not sell these, then what is the fee per policy sold by your business partners?

AARP hides from the term profit by claiming you do not profit but rather only receive royalties. You also hide from the conduct of the companies using your brand by saying you do not resell products and that these companies are, "vigorously pursuing their own interests", as you put it. Your commercials say differently. Your commercials say, and I quote, "Choose from a range of AARP supplement plans", "Get your free information kit and Medicare guide. AARP Medicare supplement insurance plans. Call now", or "Any doctor or hospital that accepts Medicare will accept AARP Medicare supplement insurance." If AARP does not sell these products, then I think this may be an issue for a Federal Trade Commission investigation regarding deceptive practices. My constituents certainly think they are purchasing their policies from AARP.

Further on this point, Bloomberg News has reported that AARP derives significant revenue from investing members' premium payments. If you do not sell the policies, why are you collecting and holding the premiums?

I am not the only person who thinks you have a financial interest in seeing the health care debate force people into the public option. A former AARP executive, Marilyn Moon, has said, "There's an inherent conflict of interest... They're ending up becoming very dependent on sources of income." Both Bloomberg and my constituents who have complained about the prices of your policies have called your profits, excuse me, your "license fees", "kickbacks."

As for H.R. 3200, my reply is based on one simple principle: health care reform should allow more choices for patients, not fewer. I pointed you to a myriad of sections that restrict patient choice. You cannot point to a single section, paragraph, or line that guarantees patients' freedom to choose a plan or treatment that best fits their needs.

What AARP calls minimum standards, many experts call mandates. Excessive mandates are one of the reasons health costs have risen so far, so fast. H.R. 3200 does not define, and I have no way of knowing, which treatments and therapies will be deemed "clinically appropriate." Neither do you. However, as you've stated AARP's policy prefers bureaucrats on the Health Benefits Advisory Committee to make these decisions in Washington. My logic is clear: reform should empower patients to make these decisions. As Republicans and I did through the creation of Medicare Part D and the expansion of Medicare Advantage, I strongly believe we should reform the health delivery system to allow for more choices for patients, rather than fewer. On this point we will obviously agree to disagree.

Since we have been discussing section 123 as it relates to the role of the Health Benefits Advisory Committee, the discussion draft of H.R. 3200 circulated by the majority said: "In developing such recommendations, the Committee shall take into account innovation in health care and ensure that essential benefits coverage does not lead to rationing of health care." However, the bill that was marked up says: "In developing such recommendations, the Committee shall take into account innovation in health care and consider how such standards could reduce health disparities." If no attempts to ration care will be made during the rule making process, then why was the language removed?

I must admit, I failed to point out to you that the House bill uses the word "require" 84 times with respect to patient choice. On behalf of AARP, you endorse Section 1401 and the restrictions placed on any treatment by the "Comparative Effectiveness Research Committee" that will be made up of 17 people. Unlike AARP, millions of Americans will take no joy in having their choices restricted whether it is by a committee of 7 bureaucrats or 17. Unlike AARP, I believe consumers should be able to buy from any of the 1,700 health plans available across our country, across state lines. On this point, apparently we will also have to agree to disagree.

As for the increased premiums under Part D, increases are guaranteed under the language of H.R. 3200; a point on which we can agree. However, I would ask you to direct me to the legislative section or text that guarantees the promised drug savings for all seniors? Again, you cannot because no such section exists. Medicare claims data shows that only 14.5% of seniors could save as a result of H.R. 3200. However CBO found, all seniors will see a 20% increase in their Medicare prescription drug premiums if this bill becomes law." AARP may have been a party to the secret discussions and secret deals at the White House, but I have not been invited to any meetings. Until I see the legislative language, the President's promise on drug savings is just that, a promise. This is akin to President Obama promising the existence of unicorns and AARP rushing down to the pet store to buy one.

I am glad you brought up the price setting policies of the Veterans Administration (VA). Let me start by stipulating that I believe the VA provides excellent care. However, because of the low reimbursement rates on prescription drugs set by the Secretary of the VA, the VA has one formulary with roughly 1,400 drugs. Under Medicare Part D there are 409 Medicare Part D prescription drug plans with 37 unique formularies, approaching 4,000 drugs covered. The results are clear: under Part D many more drugs are made available giving more choice to seniors. Your example is illuminating. You would rather have one panel in Washington set one formulary for everyone, rather than let patients make those choices for themselves. Yet another point on which we will have to agree to disagree.

However, I am sorry AARP is actively perpetuating hostility towards Medicare Advantage (MA) plans. In the state of Florida, profit per premium is public information. However, AARP has refused to answer my repeated inquires about your profit per premium, so no one is able to judge your "altruism" independently. MA plans offer catastrophic coverage, wellness plans, vision plans, gym memberships, access to nutritionists and cover the Part B and Part D premiums for many of my constituents. AARP sells, resells, or whatever it is that you call it, many of these same services. Many of my constituents believe AARP is simply hostile to its competition. Until AARP ceases to hide its separate streams of incomes, Americans have no way of knowing your motivation to be other than financially motivated.

The good news is that it seems there are some points on which we clearly agree. AARP and I adamantly agree that illegals should not be given access to government health subsidies. Again, I'll point out that AARP and the President created this confusion by using a number for the uninsured, 47 million, which by all accounts includes illegals. Now that I know you know better, I'll look for corrections in your future magazines, in your future comments, and on your website. Failure to issue a correction will lead my constituents and I to assume that you are deliberately misleading people or scaring them in an effort to make the health care crisis seem worse than it is.

I am also glad to see that in your most recent letter, AARP has dropped the pretext that "if you like your plan you can keep it." CBO and CRS have discredited that notion and I'm glad you didn't bother to repeat that fiction. Simply put, there is no legislative guarantee that you will be able to keep your current health plan. Thank you for ceasing to perpetuate that myth.

It is also telling to those reading our correspondence that AARP has nothing to say about the devastating cuts to nursing homes and hospitals. Nor have you ever even attempted to answer the question that if there is \$500 billion of waste and fraud in Medicare, why can't we fix Medicare first, without massive and dramatic changes to the rest of the health delivery system.

On Social Security, next year the Social Security Trust Fund will begin paying out more money than it takes in, with little prospect of ever returning to the black. I call that insolvent. I prefer to address problems head on rather than hide from them. I maintained the same position back in 2005, when AARP obstructed all forms of Social Security reform. AARP seems content to kick the can down the road to some future date, some future generation. Your way of thinking seems to qualify you for the board of AIG or GM, but then again, AARP derives no income from saving Social Security, so I can see why you'd rather defer that painful discussion.

Lastly, you should know I have referred your mailings to CMS for an investigation. Many know your claims that Medicare benefits will not be cut is false and fly in the face of what CBO, doctors groups and independent studies claim. Someone needs to unwind whether AARP is helping seniors or

protecting its revenues. While AARP continues to mislead its members about cuts to Medicare, I will fight even harder to get the truth out to my seniors.

Sincerely,



Ginny Brown-Waite
Member of Congress