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July 22, 2011

The Honorable Pete Stark
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Stark:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing to express our strong support for the Medigap Beneficiary Protection Improvement Act of 2011, which would improve the value of Medicare supplemental insurance, or Medigap policies, for beneficiaries by requiring insurers to spend more of premium dollars on health care services.

For more than four decades, Medicare has been a resounding success in providing access to medical services and reducing the financial burden of health care for senior citizens and other beneficiaries. In addition to the core benefits provided under Medicare, many beneficiaries have some source of supplemental coverage, such as the standardized Medigap policies, to help pay cost-sharing requirements and pay for some services that are not covered by the program. Medigap policies are particularly important to low and middle income beneficiaries. Your bill will ensure that Medigap insurers meet minimum federal loss ratio requirements that are commensurate with those required in the Affordable Care Act. This means that Medigap insurers who must now spend only 65 cents of every premium dollar on health services will increase that amount to 80 cents, and Medigap insurers in the group market will be required to spend at least 85 cents of every premium dollar on a beneficiary's health services. These changes will mean beneficiaries on limited incomes will see more of their premium dollars going to health care benefits, not administrative costs or insurance company profits.

We stand ready to work with you to pass this important legislation.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:ibm

American Federation of State, County and Municipal Employees, AFL-CIO

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