

May 4, 2007

Dear Member of Congress:

We are writing as a diverse group of local, state, and national organizations that represent and advocate on behalf of Medicare beneficiaries. Some of our organizations represent seniors, non-elderly people with disabilities, low-income Medicare beneficiaries, and people of color. We all share a commitment to ensuring the stability and integrity of Medicare as the program strives to serve a diverse and growing population of seniors and people with disabilities across the country.

We are writing today to express our strong support for recommendations by the Medicare Payment Advisory Commission (MedPAC) related to the Medicare Advantage Program (See MedPAC's June 2005 Report to Congress or testimony by MedPAC Chair, Glenn M. Hackbarth, J.D. before the Senate Finance Committee on April 11, 2007). We believe that achieving financial neutrality between payment rates for the Medicare fee-for-service program and the Medicare Advantage program — ensuring that plans are no longer paid 12 percent more than the cost of covering the same beneficiaries in fee-for-service — is an important policy objective. It allows fair competition between private plans and fee-for-service, reduces beneficiary premiums, and strengthens the financial solvency of the Medicare program.

Recently, various stakeholders have raised assertions that efforts to achieve financial neutrality across the Medicare program would have deleterious impacts on various populations, such as low-income people of color and people with specialized and/or extensive needs. In particular, it has been asserted that limiting Medicare Advantage payment rates would harm low-income enrollees of Medicare Advantage plans because excess payments are used to provide supplemental benefits. We do not believe that these claims have merit.

An analysis by the Center on Budget and Policy Priorities showed that Medicare Advantage is not a major source of coverage for low-income Medicare beneficiaries. More Medicare beneficiaries with annual income below \$10,000 — the one-fifth of Medicare beneficiaries with the lowest incomes — purchase Medigap supplemental coverage than are enrolled in Medicare Advantage plans and nearly five times more individuals with income below \$10,000 per year are enrolled in Medicaid (which supplements Medicare coverage). Among Medicare beneficiaries with incomes below \$20,000 who represent half of all beneficiaries (and the overwhelming majority of beneficiaries of color), a larger share receives supplemental coverage through Medicaid rather than through Medicare Advantage plans. If the goal is to help low-income Medicare beneficiaries with their health care needs, a far more efficient and targeted approach would be to improve the existing Medicare Savings Programs within Medicaid.

Moreover, over the years, despite the plans' claims about the value of the supplemental benefits they offer, many of our organizations have spent significant time helping Medicare beneficiaries who have been harmed by private plans that limit access to specialty care or charge more for such services, and who have been frustrated when plans promise comprehensive coverage without having adequate provider networks or expertise to deal with their specific needs. Many Medicare beneficiaries are firmly committed to remaining in the Medicare fee-for-service program, yet now face higher Part B premiums due to these overpayments. Our goal is not to disadvantage the Medicare Advantage program, but merely to ensure a level playing field that does not disadvantage

the fee-for-service program upon which the overwhelming majority of Medicare beneficiaries, including the most vulnerable individuals, depend.

Sincerely,

National Organizations

AFL-CIO

AIDS Treatment Activists Coalition

AIDS Treatment Data Network

Alliance for Retired Americans

American Academy of HIV Medicine

American Association for Geriatric Psychiatry

American Association of People with Disabilities

American Association on Intellectual and Developmental Disabilities

American Federation of State, County and Municipal Employees (AFSCME)

American Network of Community Options and Resources

Association of Assistive Technology Act Programs

Association of University Centers on Disabilities (AUCD)

Bazelon Center for Mental Health Law

Campaign for America's Future

Center for Medicare Advocacy, Inc.

Center on Budget and Policy Priorities

Children's Defense Fund

Consumer's Union

Council for Learning Disabilities

Easter Seals

Families USA

Gay Men's Health Crisis

HIV Medicine Association

International Association of Machinists and Aerospace Workers

International Union, United Auto Workers

Medicare Rights Center

NAADAC, the Association for Addiction Professionals

National Association of Councils on Developmental Disabilities

National Association of People with AIDS

National Association of State Head Injury Administrators

National Committee to Preserve Social Security and Medicare

National Disability Rights Network

National Down Syndrome Society

National Health Law Program

National Organization of Social Security Claimants' Representatives

National Respite Coalition

National Senior Citizens Law Center

National Spinal Cord Injury Association

NETWORK: A National Catholic Social Justice Lobby

Project Inform

Protestants for the Common Good

The American Federation of Teachers

The Arc of the United States
Title II Community AIDS National Network (TII CANN)
United Cerebral Palsy
United Spinal Association
United Steelworkers
USAction

State and Local Organizations

AIDS Action Baltimore, Inc.
AIDS Drug Assistance Protocol Fund
AIDS Education Global Information System
AIDS Legal Council of Chicago
AIDS Resource Alliance, Inc.
AIDS/HIV Health Alternatives
Alliance for Family Education Care & Treatment
California Health Advocates
Center for Independence of the Disabled in New York
Champaign County Branch NAACP
Chicago Women's AIDS Project
Clinical Social Work Guild 49
Coleman Global Telecommunications, LLC
Community HIV/AIDS Mobilization Project (CHAMP)
Community Information Center
Desert AIDS Project
Douglas County AIDS Project
Family Service Association of Bucks County HIV/AIDS Program
Florida Legal Services
F.O.U.N.D., Inc.
Friends of The Poor International
Georgia Rural Urban Summit
Health Equity Project
Hemophilia Association of New York
Hep C Advocate Network, Inc. (HepCAN)
HIV/AIDS Law Project
HIVictorious, Inc.
IndependenceFirst
International Foundation for Alternative Research in AIDS, Portland, OR
Kleine Editorial Services
La Fe Policy and Advocacy Center
L.A. Gay & Lesbian Center
Latinos for National Health Insurance
Living Hope Organization
Michigan Positive Action Coalition
NAMES Project Central New Jersey
NETWORTH/Positive Action
New Mexico Poz Coalition

New York AIDS Coalition
New York Legal Assistance Group
New York State Consumer Coalition on Part D
New Yorkers for Accessible Health Coverage
Northwest Health Law Advocates
Ohio AIDS Coalition
Pennsylvanians United for Single Payer Healthcare (PUSH)
Physicians for a National Health Program, NY Metro Chapter
Positive Opportunities, Inc.
Pueblo Family Physicians
Redwood AIDS Information Network and Services
Regional Addiction Prevention (RAP), Inc.
Regional AIDS Interfaith Network Colorado
Salt Lake Community Action Program
Search For A Cure
Selfhelp Community Services, Inc.
South Carolina Campaign to End AIDS (SC-C2EA)
Teamsters Retiree Club of Santa Clara County
Tennessee Justice Center
The Evangelical Catholic Diocese of the Northwest
The North American Old Catholic Church
The Richmond/Ermet AIDS Foundation
Topeka Independent Living Resource Center
Tia's Foundation
Triad Health Project
Twin States Network
Ursuline Sisters HIV/AIDS Ministry
West House, Inc.
West Oahu Hope For A Cure Foundation
Western Pacific Med/Corp