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December 18, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Obama:

On behalf of the Medicare Rights Center, I urge you to protect the 49 million seniors and people with disabilities who rely on Medicare for basic health and economic security by rejecting proposals that would shift costs to people with Medicare or limit access to needed health care. Instead, we hope you will endorse and seek to implement only those cost saving measures that address the systemic causes of rising health care costs across the entire health care system.

There are reasonable solutions to control health care spending without forcing people with Medicare to pay more or lose access to health care services—many of which you championed in the Affordable Care Act (ACA). The delivery system reforms enacted in this landmark legislation are currently being implemented and tested. Like you, we believe in the potential of these reforms and urge you to allow the ACA to fulfill its promise. Cutting or restructuring Medicare benefits at this time only serves to undermine these significant advancements.

In addition, we encourage you to support solutions that would drive down unreasonably high health care prices, namely for prescription medications and medical equipment. Allowing the federal government to negotiate Medicare drug prices with pharmaceutical companies, restore Medicaid-level drug rebates for low-income Medicare beneficiaries and expand the already successful competitive bidding program for durable medical equipment are opportunities that show potential for real cost savings—as opposed to harmful cost shifting. We thank you for your leadership on the issue of restoring drug rebates to the Medicare program, and we hope you will do more to make prescription drugs more affordable.

It is not only cuts to Medicare that threaten the economic and health security of older adults and people with disabilities. Cuts to Social Security benefits or to the Medicaid program would be similarly harmful. Nine million Medicare beneficiaries are dually eligible for Medicaid. This population makes up the most vulnerable of all Medicare beneficiaries, with greater incidences of cognitive and mental impairments and chronic illness. And the majority of people with Medicare count on Social Security to make ends meet. For one in three beneficiaries, Social Security benefits amount to more than 90% of their total income.

From the perspective of American families, these earned benefits are inextricably intertwined—a basic acknowledgement largely absent in the current negotiations. For the people who rely on Medicare, there is much at stake in these negotiations. This is not merely a conversation about federal funds and deficits, the health and financial well-being—indeed, the very lives—of seniors and people with disabilities hang in the balance.

So, it is with growing concern that we observe ongoing negotiations between the Administration and leadership of the House of Representatives about a potential savings target for health care spending. We understand that proposed health care spending cuts range from \$350 - \$600 billion. Proposals suggested to meet these spending goals entail policy changes that increase costs or limit access to care for people with Medicare.

For many Medicare beneficiaries, spending more on health care is simply not an option. Half of all Medicare beneficiaries live on an annual income of \$22,000 or less and have less than \$53,000 in personal savings. Furthermore, people with Medicare already spend a significant amount on health care costs. The average Medicare household spends 15% of their total income on health care compared to 5% among non-Medicare households. Medicare benefits are not overly generous—covering only 48% of the average beneficiary's health care costs.

Faced with additional costs, people with Medicare are likely to forgo needed health care services, leading to increased emergency room visits and hospital stays and, ultimately, to increased Medicare spending over the long-term. Proposals to raise the Medicare eligibility age, prohibit or diminish first-dollar Medigap coverage and increase Medicare premiums, deductibles, coinsurances and co-pays not only fail to address the systemic problem of health care inflation, they also pose serious and dangerous risks to beneficiaries.

We hope that you seize this moment to improve our health care system—and our Medicare—for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Baker". The signature is fluid and cursive, with a large initial "J" and "B".

Joe Baker
President