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February 7, 2012

The Honorable Max Baucus
Chairman
Senate Finance Committee
Washington, D.C. 20510

The Honorable Orrin Hatch
Ranking Member
Senate Finance Committee
Washington, D.C. 20510

The Honorable Fred Upton
Chairman
House Energy and Commerce Committee
Washington, D.C. 20515

The Honorable Henry Waxman
Ranking Member
House Energy and Commerce Committee
Washington, D.C. 20515

The Honorable Dave Camp
Chairman
House Ways and Means Committee
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member
House Ways and Means Committee
Washington, D.C. 20515

Dear Chairman Baucus, Ranking Member Hatch, Chairman Upton, Ranking Member Waxman, Chairman Camp and Ranking Member Levin,

The Medicare Rights Center urges Congress to prevent a 27.4 percent cut in Medicare provider payments and extend other essential Medicare programs by March 1, 2012. In doing so Congress must not pass the costs of these and other non-health related proposals included in the final agreement onto Medicare beneficiaries, who on average already spend 15 percent of their incomes on health care.

Beneficiaries continue to face uncertainty about physician participation in Medicare as a result of the Sustainable Growth Rate (SGR) formula used to determine Medicare physician payments. Though Congress has acted multiple times to prevent deep cuts in Medicare reimbursement rates, each temporary patch only makes the long term cost of fixing the SGR that much greater. In enacting a permanent SGR fix, Congress can help to ensure that Medicare beneficiaries will not face physician access problems in the future.

In addition, Congress must reauthorize the Qualified Individual (QI) program and the Medicare therapy caps exception process to prevent older adults and people with disabilities from losing access to affordable care they require. The QI program, a Medicare Savings Program (MSP), helps Medicare beneficiaries with incomes between 120 and 135 percent of the Federal Poverty Level (FPL) pay their Part B premiums, and can potentially save eligible individuals thousands of dollars per year. Expiration of the QI program would result in new and unaffordable costs for low-income older Americans and people with disabilities. Also, Congress must act to

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extend the Medicare therapy caps exception process. Extending the exceptions process will ensure that beneficiaries will continue to be able to access medically necessary therapies they need to help maintain and improve their quality of life and ensure that they are able to continue to live and receive care at home and in their communities.

However, it is imperative that efforts to fix the SGR and extend other Medicare programs do not weaken Medicare by increasing out of pocket costs for beneficiaries. Medicare beneficiaries spend three times as much as the non-Medicare population on health care and half of those with Medicare have incomes of \$22,000 or less per year. Increasing costs would make medically necessary care inaccessible for some. Even policies that would increase costs for Medicare beneficiaries with supposedly “higher incomes,” over time, would affect those in the middle class and potentially have repercussions for the Medicare program as a whole, including adverse affects on the Medicare risk pool.

We encourage Congress to use alternative offsets that would not undermine the affordability and foundation of the Medicare program. Though we would prefer the use of savings through other mechanisms to address the SGR formula and other extenders, even within Medicare there are ways to generate savings without creating a greater cost-burden for beneficiaries, such as requiring pharmaceutical manufacturers to pay Medicaid rebates for drugs prescribed to low-income beneficiaries in the Medicare prescription drug program.

We look forward to working with you on preserving and improving the Medicare program for current and future beneficiaries.

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