

January 20, 2015

The Honorable Fred Upton, Chairman  
Energy & Commerce Committee  
United States House of Representatives  
Washington, DC 20515

The Honorable Frank Pallone, Ranking Member  
Energy & Commerce Committee  
United States House of Representatives  
Washington, DC 20515

The Honorable Joe Pitts, Chairman  
Energy & Commerce Committee  
Subcommittee on Health  
United States House of Representatives  
Washington, DC 20515

The Honorable Gene Green, Ranking Member  
Energy & Commerce Committee  
Subcommittee on Health  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Upton, Ranking Member Pallone, Chairman Pitts and Ranking Member Green:

The undersigned organizations share a commitment to advancing the health and economic security of older adults, people with disabilities and their families. We are writing to submit a formal statement for the January 21 and 22, 2015 Health Subcommittee hearing, “A Permanent Solution to the SGR: The Time Is Now.”

The Sustainable Growth Rate (SGR) formula must be replaced, and we urge Congress to enact a permanent solution for the critical health care “extenders” that have traditionally ridden on bills to patch the SGR payment system. In the absence of a permanent SGR solution, we believe that Congress must enact a temporary patch to avoid drastic cuts in Medicare physician payment, and to ensure that equal extensions are granted for programs and policies critical to the health and well-being of Medicare beneficiaries, including the Qualified Individual (QI) program, outpatient therapy caps, low-income outreach and enrollment assistance and the Aging and Disability Resource Centers (ADRCs).

The SGR formula is fundamentally flawed and permanent changes to the Medicare reimbursement system are long overdue. Congress has been forced to enact 17 temporary legislative patches since 2003, creating unnecessary uncertainty for providers. Recent bipartisan proposals to fix the SGR begin moving the current volume-based payment system towards one that incentivizes quality, efficiency and innovation.

While it is in the best interest of Medicare beneficiaries and their doctors to find a permanent SGR solution, an SGR fix should not increase the burden of health care costs for people with Medicare, jeopardize access to needed care, or worsen the already tenuous economic circumstances facing many people with Medicare. Half of all Medicare beneficiaries—more than 25 million older adults and people with disabilities—live on annual incomes of \$23,500 or less, and one quarter live on \$14,400 or less.<sup>1</sup> Most people with Medicare cannot afford to pay more for health care, and we oppose proposals that would shift additional costs onto them.

Additionally, any SGR solution, either permanent or temporary, must include a matching fix for key extenders policies, which are historically addressed by Congress alongside SGR patches. Specifically, we support making the expiring QI program permanent. The QI program provides needed Part B premium

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<sup>1</sup> Jacobson, G., Huang, J., Neuman, T., and K.E. Smith, “Income and Assets of Medicare Beneficiaries, 2013 – 2030,” (Kaiser Family Foundation: January 2014), available at: <http://kff.org/report-section/income-and-assets-of-medicare-beneficiaries-2013-2030-issue-brief-savings-of-medicare-beneficiaries/>

assistance to low-income Medicare beneficiaries with incomes from 120% to 135% of the federal poverty level—about \$14,000 to \$15,750—and less than \$7,160 in assets for an individual. Failure to make the program permanent would seriously threaten vulnerable Medicare beneficiaries' economic security and access to physicians. In addition, in the absence of full repeal of Medicare outpatient therapy caps, we support making the exceptions process permanent. Finally, we support permanently extending funding for critical community-based resources that are also expiring. This includes outreach and enrollment assistance to low-income Medicare beneficiaries and ADRCs, the “no-wrong door” network of long-term care services and supports information and referral services.

As another SGR deadline approaches, we hope you will act to replace the SGR, and we urge you to enact permanent solutions for health care extenders policies that are vital to the health and financial well-being of people with Medicare. Thank you.

Sincerely,

AFL-CIO

AFSCME

Alliance for Retired Americans

AMDA – The Society for Post-Acute and Long-Term Care Medicine

American Association on Health and Disability

B'nai B'rith

Center for Elder Care and Advanced Illness

Center for Medicare Advocacy, Inc.

Medicare Rights Center

National Academy of Elder Law Attorneys

National Adult Day Services Association

National Association of Geriatric Care Managers

National Committee to Preserve Social Security and Medicare

National Consumer Voice for Quality Long-Term Care

National Council on Aging

National Senior Citizens Law Center

OWL – The Voice of Women 40+