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April 6, 2011

The Honorable Paul Ryan  
Chairman, Committee on the Budget  
United States House of Representatives  
207 Cannon House Office Building  
Washington, DC 20515-6065

Dear Chairman Ryan:

On behalf of our members and other Americans who are age 50 and older, AARP writes to express serious concerns with the House Concurrent Resolution on the Budget for Fiscal Year 2012. While the budget proposal to be debated today offers new ideas for confronting our nation's deficits and debt, AARP believes the proposal lacks balance and would reduce the security of millions of Americans, especially health security in retirement.

AARP acknowledges that the nation's long-term debt requires attention and we are committed to lending our support to balanced policies that address the nation's long term fiscal challenges. We can only do so, however, while also honoring the contributions of our members and the needs of millions of other Americans who rely on Medicare, Medicaid, Social Security and other important programs and services. A number of proposals in this budget put at risk millions of individuals by prioritizing budget caps and cuts over the impact on people. For example, while Social Security spending is exempt from enforceable budget caps, Medicare and Medicaid are not. We are opposed to arbitrary, across-the-board cuts that would be used to enforce the proposed budget caps because they do not distinguish between vital spending and spending that is less effective or needed.

### **Medicare, Medicaid and the Affordable Care Act**

Today's budget proposal appropriately acknowledges that health care costs must be addressed if the federal budget is to be balanced. However, rather than recognizing that health care is an unavoidable necessity which must be made more affordable for all Americans, this proposal simply shifts these high costs onto Medicare beneficiaries, and shifts the even higher costs of increased uninsured care onto everyone else. By creating a "premium support" system for future Medicare beneficiaries, the proposal will increase costs for beneficiaries while removing Medicare's promise of secure health coverage – a guarantee that future seniors have contributed to through a lifetime of hard work.

While we appreciate that the proposal acknowledges the serious problem of how to fix Medicare's physician payment problem, Medicare is just one part of our nation's health system, which includes public, individual, and employer-based health insurance. If

we're serious about lowering health care costs, we cannot simply focus on Medicare and Medicaid for savings. Rather, we must improve the delivery of health care generally, including increasing preventive services, better coordination of care, lowering the cost of prescription drugs, and the reduction of waste and fraud throughout the entire health care system. Repeal of the Affordable Care Act (ACA) would be a step backwards for many of these needed changes, as well as the needs of older Americans generally.

Today's proposal also fails to acknowledge that older adults and people with disabilities account for two-thirds of all Medicaid spending. There are limited financing options currently available to pay for long-term services and supports and many of these individuals have already exhausted all of their own resources before turning to the joint federal-state program as a last resort to help meet their long-term care needs. At this point, Medicaid becomes a lifeline for these individuals, with the program providing either nursing home care or the specific services they need in order to stay in their homes and out of institutions.

Block granting Medicaid would put both current and future seniors in need of these services at risk. For those who are already in nursing homes or receiving home and community-based services, Medicaid cut-backs could lead to reduced access and inadequate care. For individuals who do not yet need long-term services and supports or can still pay for these services themselves, if the time comes and they have exhausted their savings, they may likely be turned away or offered insufficient care that neither meets their needs nor maintains their dignity.

Broad flexibility already exists within the current Medicaid system, where important checks and balances on both sides of the federal-state relationship allow states the opportunity to develop solutions that work for them while guaranteeing essential benefits to individuals in need who have already depleted their own resources.

### **Additional Areas of Concern**

In addition to Medicaid, the Supplemental Nutrition Assistance Program ("SNAP") is also block granted in this budget. We agree that SNAP plays a vital role in feeding millions of hungry Americans, including two and half million older Americans. We do not agree, however, that block granting the program is needed or prudent. The current economic downturn has seen an enormous growth in both the need for and the receipt of SNAP benefits, and it is the essence of a safety net program that its utilization increases when economic security decreases. Block granting the program, or imposing work requirements as today's proposal assumes, will make SNAP less responsive in future downturns, and without clear work requirement exemptions for the elderly and disabled, would bar these individuals from receiving SNAP benefits.

Today's proposal also includes a similar assumption regarding work requirements and rental assistance. With more than 50% of all federally-assisted housing units having at least one resident over age 62 or with disabilities, AARP would seek clarity on how work

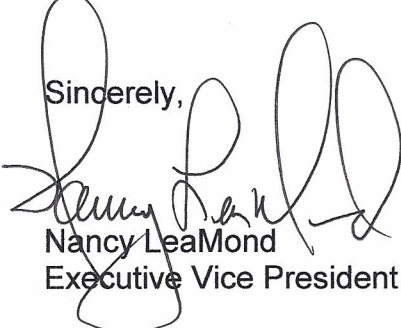
requirements would apply to these individuals, and would be opposed to denying rental assistance to those who are unable to work.

### **Social Security**

As this budget acknowledges, any changes to Social Security must be focused on ensuring the retirement security of present and future retirees, and not simply on reducing the deficit. While we question the efficacy of compelling Congress and the President to address the long-term financing of Social Security on the basis of an arbitrary trigger on a 75 year horizon, we can agree that sooner is better than later to find solutions supported by the public that will ensure earned benefits for future retirees. AARP agrees that protecting and strengthening Social Security must be done on a bipartisan basis, and we welcome the opportunity to continue the conversation with our membership and all Americans about how to achieve that goal.

While we do not support many of the proposals in this budget, we want to thank the Chairman for his dedication to crafting a fiscal plan that addresses the nation's debt. If you have any questions, feel free to call me, or please have your staff contact David Sloane, Senior Vice President of Government Relations and Advocacy, 202-434-3754.

Sincerely,



Nancy LeaMond  
Executive Vice President

cc: The Honorable Chris Van Hollen, Jr. Ranking Member  
Members, Committee on the Budget