



# Leadership Council of Aging Organizations

July 10, 2009

The Honorable Max Baucus,  
Chairman  
U.S. Senate Committee on Finance  
Washington, DC 20510

The Honorable Chuck Grassley,  
Ranking Member  
U.S. Senate Committee on Finance  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

Older Americans' issues should be a primary focus of Congress in any health care reform effort if true reform is to be achieved. The Leadership Council of Aging Organizations (LCAO) is a coalition of 60 national not-for-profit organizations concerned with the well-being of America's 87 million people over age 50, the fastest growing population segment of our country, and the age group that needs and uses health services the most. For many Americans over the age of 50, but not yet eligible for Medicare, the cost of health insurance is prohibitively high, and steps should be taken to address this barrier to appropriate and affordable health care.

LCAO applauds Congress for its strong leadership to reform health care. However, some of the proposals put forward, while greatly improving accessibility by providing coverage to the uninsured, include provisions that would result in coverage that is still unaffordable and therefore inaccessible for many Americans aged 50 to 64. We urge the Senate Finance Committee to balance the different parts of the affordability equation in ways that could make coverage affordable for all people who purchase insurance. In particular, we ask that you pay special attention to the needs of those moderate income people over 50 who may not qualify for Medicaid or subsidies, but who still cannot afford to pay substantial percentages of their incomes for premiums and out of pocket expenses.

LCAO knows that the cost of the coverage depends on the interplay of four major factors:

1. age rating for premiums
2. level of income-related subsidies
3. value of the benefit package
4. adequacy of federal financing.

When we examine the costs for older people under what is reported to be in the Senate Finance Committee proposal, we see some significant affordability concerns:

For example, a 60 year old woman earning \$40,000 per year would – assuming a \$300 monthly pre-age rated premium and 5-1 age rating – pay a premium cost of \$525 per month (\$6,300 annually). At 369% of FPL, she would not be eligible for subsidies, and her premiums would consume 16% of income (before taxes). With modest cost sharing of \$1,500, her share of income would be 19% (again before taxes). Under a benefit standard that imposes 27% cost sharing, her

costs could easily double, resulting in 23% of her before tax income going to health care costs. This would be unaffordable coverage.

Using another example, a couple aged 52 and 54, living on the single income of a self-employed entrepreneur earning \$50,000 per year (343% of FPL), would face unaffordable coverage as well. While the current proposal eliminates the problems of older Americans being rejected for coverage or facing exorbitant premiums because of a pre-existing condition, premiums at \$392 per month for each person (\$784 total for the couple per month), result in premium costs alone of \$9,415 per year – almost 19% of income. If cost sharing of \$3,000 is factored in, the total out of pocket cost for this couple reaches 25% of income, which would increase even more with a plan that has 27% cost sharing. The costs quickly become prohibitive leaving many older Americans still unable to afford the coverage they need.

We urge the Committee to eliminate provisions allowing age rating, to provide a stop loss benefit for all Americans, and to broaden eligibility for subsidies in order to ensure that health care reform results in truly comprehensive and affordable coverage for older Americans. We look forward to providing any assistance we can as the Committee works to find the right balance.

Sincerely,

AFSCME Retirees  
Alliance for Retired Americans  
Alzheimer's Association  
American Association of Homes and Services for the Aging  
American Federation of Teachers Program on Retirement and Retirees  
American Public Health Association  
American Society of Consultant Pharmacists  
Association of BellTel Retirees, Inc.  
Association of Jewish Aging Services of North America  
B’Nai B’Rith International  
Center for Medicare Advocacy  
Easter Seals  
Lutheran Services of America  
National Academy of Elder Law Attorneys  
National Active and Retired Federal Employees Association  
National Association of Area Agencies on Aging  
National Association of Nutrition and Aging Services Programs  
National Association of Professional Geriatric Care Managers  
National Association of State Long-Term Care Ombudsman Programs  
National Association of State Units on Aging  
National Committee to Preserve Social Security and Medicare  
NCCNHR: The National Consumer Voice for Quality Long-Term Care  
National Indian Council on Aging  
National Senior Citizens Law Center  
National Senior Corps Association  
OWL – The Voice of Midlife and Older Women

Service Employees International Union  
Services and Advocacy for Gay, Lesbian, Bisexual & Transgender Elders (SAGE)  
The Gerontological Society of America  
United Jewish Communities  
Wider Opportunities for Women (WOW)

CC: John D. Rockefeller IV, WV  
Kent Conrad, ND  
Jeff Bingaman, NM  
John F. Kerry, MA  
Blanche L. Lincoln, AR  
Ron Wyden, OR  
Charles E. Schumer, NY  
Debbie Stabenow, MI  
Maria Cantwell, WA  
Bill Nelson, FL  
Robert Menendez, NJ  
Thomas Carper, DE  
Orrin G. Hatch, UT  
Olympia J. Snowe, ME  
Jon Kyl, AZ  
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Mike Enzi, WY  
John Cornyn, TX