



January 9, 2014

The Honorable Joe Pitts  
Chairman  
Committee on Energy & Commerce  
Subcommittee on Health  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Frank Pallone  
Ranking Member  
Committee on Energy & Commerce  
Subcommittee on Health  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Pitts and Ranking Member Pallone:

On behalf of AARP's 37 million members and the millions of Medicare beneficiaries, thank you for holding a hearing to examine and address the health care policies which are typically extended or reauthorized along with the regular sustainable growth rate (SGR) "doc fix". Over the past year, the Energy and Commerce Committee has done considerable work to permanently repeal the SGR formula and reform the Medicare provider reimbursement process. We greatly appreciate the work of the Committee, as well as the efforts of the Ways and Means and Senate Finance Committees. However, it is crucial that important health care policy extenders are included in a final SGR bill. Two policies, in particular, are necessary to ensure that Medicare beneficiaries can maintain access to needed services.

#### Qualifying Individual (QI) Program

We support the extension of the QI program to help low-income Medicare beneficiaries afford Medicare Part B premiums. The QI program pays Part B premiums for beneficiaries with incomes between 120% and 135% of the Federal Poverty Line (FPL) - about \$13,700 to \$15,300 - and less than \$7,080 in assets for an individual. Most Medicare beneficiaries pay a monthly Part B premium of \$104.90, an out-of-pocket cost that low-income QI recipients cannot afford. This program has consistently been extended for periods in concert with SGR extensions. We urge the Committee to make the QI program permanent as part of SGR reform legislation.

#### Medicare Payment for Therapy Services

Medicare therapy caps serve as a significant barrier to accessing needed care for people with long-term, chronic conditions, most notably for those who require long-term therapy services. Today, Medicare coverage for outpatient therapy services -- including physical, speech-language pathology, and occupational care -- is limited through arbitrary per-beneficiary payment caps imposed by the Budget Control Act of 1997. In 2005, Congress developed an exceptions process that allows people with Medicare to receive Medicare-covered therapy services above the cap when medically necessary. We urge Congress to repeal the Medicare therapy caps as part of an SGR reform package to ensure access to

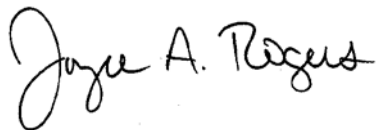
needed care for older adults and people with disabilities. In the absence of full repeal, we ask that Congress make the therapy cap exceptions process permanent.

The Senate Finance Committee-approved SGR legislation included a provision repealing therapy caps and replacing it with a focused medical review and prior authorization process. The review as to medical necessity and prior authorization could be focused on any of a number of factors, such as outlier patterns of use, questionable billing, and the presence of medical conditions. We support repealing the therapy cap, as it will allow beneficiaries to continue accessing needed therapy services. This approach represents a significant advancement that we hope will serve as the basis for a permanent reform of the therapy caps and exceptions process as part of a broader SGR repeal and replacement legislation.

However, we believe that any prior authorization policy should include an appeals mechanism for instances where prior authorization is not granted. In addition, we are concerned that basing medical review or prior authorization merely on the presence of "medical conditions", as opposed to post-surgical conditions, might result in effectively overturning the recent court settlement (*Jimmo vs. Sebelius*) which prohibits the application of an "improvement standard" to Medicare coverage of rehabilitation therapy and other skilled services. While this may not be the intent of this factor, in order to prevent it from having this effect, we suggest that any language specifically preclude the application of focused medical review or prior authorization in such a way as to impose an improvement standard on the use of rehabilitation therapy.

As the Committee finalizes SGR reform legislation, it is imperative to remember that the typical Medicare beneficiary lives on less than \$22,500 per year, and already spends nearly 17 percent of their income on health care expenses. These health extenders ensure that beneficiaries have access to needed services. Therefore, our endorsement of any final SGR reform legislation will depend on how Congress addresses offsets and extenders. We are confident that Medicare reimbursement can be reformed in a way which does not increase the financial burden on those who depend on the program. If you have any questions, please feel free to call me, or have your staff contact Ariel Gonzalez of our Government Affairs staff at [agonzalez@aarp.org](mailto:agonzalez@aarp.org) or 202-434-3770.

Sincerely,

A handwritten signature in black ink that reads "Joyce A. Rogers". The signature is written in a cursive, flowing style.

Joyce A. Rogers  
Senior Vice President  
Government Affairs