

From: Jacobs, Chris (RPC)
Sent: Monday, April 19, 2010 11:39 AM
To: Jacobs, Chris (RPC)
Subject: AARP's Health Care Bailouts

You may have heard about a new advertising campaign initiated by AARP in support of the Wall Street bailout bill up for possible floor consideration this week. Even as AARP claims to support new financial regulations “to stop the fat cats from putting your money at risk,” it’s worth highlighting the special bailouts AARP’s lucrative Medigap business – a market where AARP holds the largest share of policies – received in the health care legislation it supported:

- EXEMPT from the prohibition on pre-existing condition exclusions, such that AARP can continue to impose waiting periods on vulnerable seniors with pre-existing conditions – as it does currently (Section 1201(2)(A), Page 81 of H.R. 3590);
- EXEMPT from a \$500,000 cap on executive compensation for insurance industry executives, so that AARP can continue to give its CEO more than \$1 million in annual compensation – over 78 times the average annual Social Security benefit of \$12,738 (Section 9014, Page 1995 of H.R. 3590);
- EXEMPT from the tax on insurance companies that will total more than \$14 billion per year – even though according to its own financial statements AARP generated more money from insurance industry “royalty fees” than it received from membership dues, grant revenues, and private contributions combined (Section 10905(d), Page 2395 of H.R. 3590); and
- EXEMPT from a requirement imposed on Medicare Advantage plans to spend at least 85 percent of their premium dollars on medical claims – AARP Medigap policies are currently held to a far less restrictive 65 percent standard, and the difference can be used to fund “kickbacks” to AARP paid out of the pockets of its senior citizen members (Section 1103, Page 49 of H.R. 4872).

It’s also worth highlighting the fact that AARP continues to stonewall multiple Congressional attempts to obtain specific data about its Medigap royalties – likely because it does not want the public to know how much money the various bailouts described above will allow AARP to obtain by over-charging seniors for supplemental insurance. As a result, Republicans on the Ways and Means Committee today issued a letter to United Health Group (attached) requesting information about the Medigap plans it sells under the AARP brand name – because AARP refuses to provide the data itself.

So if AARP really wants financial “reform,” perhaps it should start by:

- Complying with Congressional requests – rather than stonewalling out of sheer embarrassment that the level of financial benefit to AARP from the Democrat health care law should become public;
- Renouncing all the bailouts it received in the health care law by complying with the pre-existing condition and other restrictions facing other insurance companies – rather than denying vulnerable seniors with pre-existing conditions by imposing waiting periods on coverage; and
- Abiding by the same salary restrictions imposed on other health insurance companies in the health care law – rather than decrying “fat cats” while granting its CEO a million-dollar compensation package funded by over-charging seniors for insurance.

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