

Kaiser Report

AARP Protests Cutbacks

Daily Health Policy Report

Capitol Hill Watch | AARP Letter To Sen. Frist Objects To Medicaid, Medicare Changes in House-Passed Spending Cut Bill

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[AARP](#) "strongly opposes" the fiscal year 2006 spending cut package ([S 1932](#)) approved by the House on Monday, AARP CEO Bill Novelli wrote in a letter to Senate Majority Leader Bill Frist (R-Tenn.), [The Hill](#) reports (Young, [The Hill](#), 12/20). The House on Monday voted 212-206 to approve the \$39.7 billion in spending cuts, including \$6.4 billion in net savings from Medicare and about \$4.8 billion in net savings from Medicaid over five years ([Kaiser Daily Health Policy Report](#), 12/19). According to [The Hill](#), AARP opposes a number of provisions in the bill, including that it would allow states to impose new payments for Medicaid beneficiaries and new restrictions for seniors seeking Medicaid coverage for nursing home care. In addition, AARP says that provisions in the bill would raise Medicare beneficiaries' premiums. According to [The Hill](#), "[c]ompromises made between House and Senate negotiators about the effect on health care business interests seem to have raised AARP's ire." Novelli in his letter to Frist wrote, "The final conference agreement does not ask for shared sacrifice to achieve budgetary savings. Rather it protects the pharmaceutical industry, the managed care industry and other providers at the expense of low-income Medicaid beneficiaries and Medicare beneficiaries." Novelli added, "If the conference agreement becomes law, then over the course of the next few weeks and months, we will make sure that our members across the country fully understand the impact of this conference agreement on them and on their families" ([The Hill](#), 12/20). Health policy experts, medical device manufacturers and labor unions also "came out in force" against the bill, the [Washington Post](#) reports (Weisman, [Washington Post](#), 12/20).

Cuts Examined

The [New York Times](#) on Monday examined the bill, noting that "House Republicans generally prevailed over the Senate" in conference negotiations. The bill would give "states sweeping new authority to impose premiums and copayments" for Medicaid beneficiaries and, according to the [Congressional Budget Office](#), would save the federal government \$26.5 billion in Medicaid costs and \$22.3 billion in Medicare costs over 10 years, the [Times](#) reports. Under the bill, states would be able to charge premiums and higher copayments for such Medicaid benefits as prescription drugs, physician services and hospital care. States would be allowed to end Medicaid coverage for beneficiaries who do not pay premiums for 60 days or more and deny services to beneficiaries who do not make copayments to pharmacists, doctors or hospitals. Medicaid beneficiaries could be charged 10% the cost of any item or service if their family income is 100% to 150% of the federal poverty level, or between \$12,830 and \$19,245 for a family of two. Beneficiaries with higher incomes could be charged 20% the cost of any item or service. Total copayments for all family members could not exceed 5% of family income. States also would be permitted to scale back or eliminate services that are currently guaranteed under federal law. The bill also would tighten restrictions for individuals seeking long-term Medicaid coverage for nursing home care. Medicaid generally would not cover long-term care for any individual with home equity of more than \$500,000, although a state could set its ceiling at \$750,000 (Pear, [New York Times](#), 12/20).

Senate Outlook

The spending cut bill will pass the Senate unless all Democrats and six Republicans vote against it, *CongressDaily* reports. AARP and other advocacy groups for beneficiaries are lobbying Lincoln Chafee (R.I.), Norm Coleman (Minn.), Susan Collins (Maine), Mike DeWine (Ohio), Gordon Smith (Ore.), Olympia Snowe (Maine) and Arlen Specter (Pa.), each of whom previously expressed concern about altering Medicaid benefits (Heil, *CongressDaily*, 12/20). Chafee, Snowe and Smith said they will vote against the bill. Senate Republican leaders said they expect DeWine to oppose the bill, according to the *Post*. Specter on Monday said he is likely to vote for the bill, saying, "It's a bill to hold one's nose and let it go through" (*Washington Post*, 12/20). Sens. Mary Landrieu (La.) and Ben Nelson (Neb.), who voted in favor of the Senate spending cut package, might vote in favor of the current package (*CongressDaily*, 12/20). In other Senate news, the chamber is expected on Wednesday to vote on a [Department of Defense](#) spending bill (Vaughan, *CongressDaily*, 12/19). The bill includes \$3.8 billion for avian flu prevention measures and \$29 billion in hurricane assistance (*Kaiser Daily Health Policy Report*, 12/19). In addition, a vote is expected "toward the end" of the session on a Labor-[HHS](#) spending bill, according to a spokesperson for Frist. The bill, which the Senate did not vote on last week because of a lack of votes, has been criticized by Democrats and some Republicans who say it "shortchanges vital programs," including [NIH](#), *CongressDaily* reports (*CongressDaily*, 12/19).