

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

September 24, 2012

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Cliff Stearns  
Chairman  
Subcommittee on Oversight and Investigations  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Joseph Pitts  
Chairman  
Subcommittee on Health  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Upton, Chairman Stearns, and Chairman Pitts:

I read the letter you sent to AARP last week, in which you accuse AARP of being “an arm of the White House” because of its efforts to support enactment of health reform.

Nine years ago, the Bush White House worked closely with AARP to enact the Medicare Prescription Drug, Improvement and Modernization Act, which added a prescription drug benefit to Medicare. As explained in a memorandum we released in May:

AARP initially opposed the legislation that passed the House and Senate, citing concerns about the overall value of the benefit for seniors, the lack of a guarantee that private plans would be available to seniors, and whether the bill would encourage private employers to

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drop retiree drug coverage.<sup>1</sup> During the course of consideration, a senior AARP official e-mailed Barry Jackson, a Deputy Assistant to the President, to suggest compromise, writing, “Privately, we are suggesting some fairly moderate ways for handling the biggest issues in an effort to find an agreement that can be passed.”<sup>2</sup> On October 29, 2003, President Bush spoke directly with AARP President James Parkel. According to a White House spokesman, President Bush told Mr. Parkel, “[w]e can get this done if you will work with us.”<sup>3</sup>

During final negotiations over the bill, AARP “made three demands: more money to entice employers to maintain health benefits for their retirees, a temporary, limited program of competition between traditional Medicare and private insurance plans, and the removal of a Senate provision that AARP said would allow employers to eliminate all health benefits for retirees eligible for Medicare or state health plans.”<sup>4</sup> The final agreement addressed all three AARP concerns. The key aspect of the agreement with AARP was the addition of \$89 billion in subsidies and tax benefits for employers to encourage them to maintain private prescription coverage to retired workers.<sup>5</sup> In addition, the Senate provision that AARP found to be troublesome was eliminated, and the AARP concern about the need for competition in the Part D program was addressed via a provision that allowed the Health and Human Services Secretary to approve “fallback” drug plans and pay them higher rates in regions where Medicare beneficiaries would otherwise not have a choice of at least two prescription drug plans.<sup>6</sup> On November 17, 2003, AARP endorsed the agreed-upon legislative compromise at a press conference with Republican leaders Bill Frist and Dennis Hastert.<sup>7</sup>

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<sup>1</sup> *AARP Balks at Drug Plan*, USA Today (July 17, 2003).

<sup>2</sup> *The Seduction*, American Prospect (June 2004).

<sup>3</sup> *AARP Decision Followed a Long GOP Courtship*, Washington Post (Nov. 20, 2003).

<sup>4</sup> *AARP Endorses Republicans' Medicare Bill After Being Consulted During the Writing*, Associated Press (Nov. 17, 2003) (online at <http://www.yuricareport.com/Miscellaneous/AARPendorsesBushMedicarePlan.html>).

<sup>5</sup> Congressional Budget Office, *A Detailed Description of CBO's Cost Estimate for the Medicare Prescription Drug Benefit* (July 2004).

<sup>6</sup> *Medicare Prescription Drug, Improvement, and Modernization Act of 2003*, P.L. 108-173, § 1860D-1.

<sup>7</sup> *AARP Decision Followed a Long GOP Courtship*, The Washington Post (Nov. 20, 2003); *As House Debate Continues, Medicare Bill Nears Vote*, New York Times (Nov. 22, 2003).

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Following the announcement, AARP began a multi-million dollar “advertising blitz” urging passage of the legislation.<sup>8</sup> At the time, AARP chief executive William Novelli said that the group would “pull out all the stops” to help pass the bill.<sup>9</sup> After the bill was signed, President Bush singled out AARP’s support as a driving force behind the bill’s passage stating: “I appreciate the seniors and the seniors’ groups, such as the AARP, who lobbied hard. ... And it worked.”<sup>10</sup>

We are curious why your letter ignored the role AARP played in enactment of the Medicare Prescription Drug Act and focused exclusively on the role the organization played in enactment of the Affordable Care Act. In both cases, AARP acted on its informed assessment of the best interests of its membership; in both cases, AARP worked closely with the White House and congressional leaders; and in both cases, AARP had a significant impact on the legislation. The only difference appears to be that Republicans were in charge of the White House and Congress in 2003, not Democrats.

We believe oversight should be fair and evenhanded. Your pre-election missive to AARP does not meet this standard.

Sincerely,



Henry A. Waxman  
Ranking Member



Diana DeGette  
Ranking Member  
Subcommittee on Oversight and  
Investigations

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<sup>8</sup> *Democratic Candidates Criticize AARP*, Washington Post (Nov. 19, 2003); *How the Medicare Prescription Drug Benefit Became Law*, Mother Jones (Sept. 2008); *As House Debate Continues, Medicare Bill Nears Vote*, New York Times (Nov. 22, 2003).

<sup>9</sup> *AARP Endorses Medicare Drug Benefit Plan*, Associated Press (Nov. 17, 2003).

<sup>10</sup> President George W. Bush, *Remarks at Spring Valley Hospital in Las Vegas, Nevada* Nov. 25, 2003 (online at <http://www.presidency.ucsb.edu/ws/index.php?pid=64437&st=&st1=#ixzz1ps0FCMJ7>).