

COMMITMENT[✓]toSENIORS

February 7, 2023

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington D.C. 20515

Re: AARP Earns This Year's "Seniors' Shame of the Union"

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker McCarthy, and Minority Leader Jeffries:

Ahead of President Biden's State of the Union address, we would like to recognize AARP as this year's "Seniors' Shame of the Union."

We believe that AARP has betrayed its members and mission by advocating for the passage of the Inflation Reduction Act (IRA). The law harms seniors' access to care and weakens Medicare, all while enriching AARP's main benefactor: corporate health insurers. As an organization committed to protecting the interests of seniors, we—Commitment to Seniors—are writing to express our grave concerns about AARP's conflict of interest with Big Insurance, and more specifically, UnitedHealthcare (UHC).

Commitment to Seniors calls upon Congress to launch an investigation into AARP's dealings with UHC and whether their multi-billion-dollar "royalty" agreement is an appropriate Medicare arrangement.

AARP and UnitedHealthcare have a long history of financial entanglement, with UHC serving as the organization's largest source of revenue. Since 2007, AARP has received approximately \$8.2 billion in tax-free revenue from its financial partnership with UnitedHealthcare.

Juniper Research Group explains AARP's money-making scheme in [a recent report](#):

"The organization's business practices embed 'royalty fees' within the premiums of those who purchase Medicare supplemental policies, called Medigap insurance, effectively overcharging seniors to fund AARP's own operations. AARP's revenue from these sales, and from UnitedHealth, which licenses AARP-branded Medigap and Medicare Advantage coverage, has grown every year for more than two decades straight.

... AARP receives a flat annual 'royalty fee' from UnitedHealth covering the sale of its AARP-branded Part D and Medicare Advantage plans, regardless of the plans' enrollment. Conversely, for Medigap coverage, AARP receives a 'royalty fee' from UnitedHealth equal to 4.95% of premium revenues paid."

This revenue far outstrips the income AARP earns from membership dues by three to one, leading many to believe that the organization's financial incentives are more aligned with the interests of Big Insurer-PBMs than those of seniors. As the report further notes, "AARP's financial conflicts have prompted the organization to abandon its principles on numerous occasions, pursuing financial gain for itself and its partners over the organization's stated mission and policy objectives—and its members."

AARP's endorsement and fierce lobbying for the Inflation Reduction Act is a case in point. The organization championed this legislation, despite the IRA's dangerous prescription drug price controls, which threaten to roll back healthcare innovation and limit seniors' access to essential medicines. In fact, a [November 2021 analysis](#) found that the IRA's drug-pricing provisions would lead to 135 fewer new medicines being created. These lost treatments represent potential breakthroughs for cancer, Alzheimer's, and other conditions that disproportionately impact seniors.

Moreover, [AARP's own polling research](#) indicates that seniors are more concerned about insurance-related healthcare costs than they are about the cost of prescription medicines. When asked what people felt was the most important healthcare affordability issue for policymakers to address, 43% said "reducing monthly health insurance premiums," while only 16% responded, "the cost of prescription medications."

Nevertheless, AARP promoted the legislation, promising that President Biden's Inflation Reduction Act would strengthen seniors' healthcare. But they failed to mention the plan diverts nearly \$300 billion in promised Medicare drug savings to other spending programs that have nothing to do with Medicare. Instead, that money funds myriad liberal pet projects and subsidies paid to giant insurance-PBM corporations like UnitedHealthcare.

Regarding the IRA, AARP's conflict of interest was on clear display, betraying the interests of seniors and weakening it in ways beneficial to their corporate partner, UnitedHealthcare. We believe that for this reason, AARP deserves to be recognized as this year's "Seniors' Shame of the Union."

Congress has investigated AARP's business dealings before, and we urge it to do so again, as the problems associated with its conflict of interest have become far worse in size and scope. Seniors deserve a nonprofit organization that will fight for them, not one that fights to ensure its own financial success.

Thank you for your consideration and attention to this critical issue.

Sincerely,
Commitment to Seniors

Cc: Members of the United States Senate
Members of the United States House of Representatives