

SPECIAL MEMO:

How AARP Makes Health Insurance Unaffordable for Its Members

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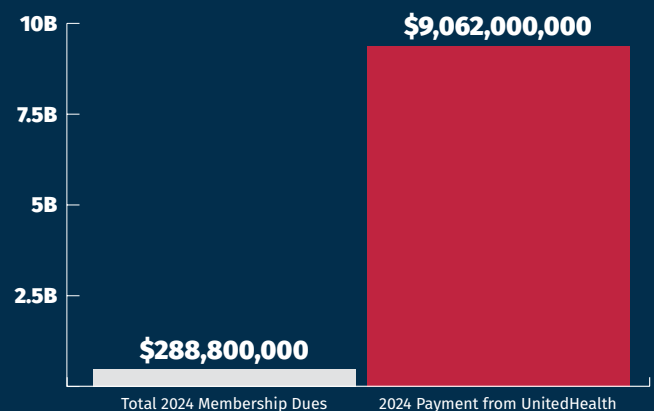


How AARP Makes Health Insurance Unaffordable for Its Members

In September, AARP distributed a “fact sheet” claiming that an extension of enhanced Obamacare subsidies would “protect affordability” of Exchange coverage.¹ The document served as one element of a lobbying effort designed to persuade Congress to make the enhanced Obamacare subsidies permanent.²

And yet AARP has failed to disclose two key facts to Members of Congress as it lobbies for a taxpayer-funded bailout of Exchange coverage: It gets much of its revenue from the nation’s largest health insurer—and, contrary to its supposed focus on “affordability,” that revenue comes from making insurance **less** affordable for AARP members.

AARP’s \$9 Billion from UnitedHealth is 31x Membership Dues



Credit: Phil Kerpen

Nine Billion Reasons to Support Obamacare Subsidies

A paragraph in AARP’s most recent financial statements demonstrates one major reason why the organization might support a permanent extension of enhanced Obamacare subsidies:

In 2024, AARP restructured an existing royalty agreement with one of its group health insurance providers. As part of this restructuring, the frequency of the royalty payments was changed with **AARP receiving a one-time royalty payment of \$9.062 billion** in exchange for the group health insurance provider receiving an exclusive license for the right to use AARP's trade name and other intellectual property in marketing efforts for a particular health insurance program directly related to this agreement.³ [Author's emphasis.]

The "group health insurance provider" the statement refers to is UnitedHealth. And the \$9.1 billion that AARP received from the nation's largest health insurer represents an advance payment of royalties the organization expects to draw down over the next dozen years.⁴

To put it in perspective, \$9.1 billion represents more than four times AARP's 2024 total operating revenues.[5] To say that an entity receiving such a substantial contribution, spaced out over 12 years, would remain financially obligated to that company for the foreseeable future states the obvious. UnitedHealth, which offers Exchange plans in 30 separate states this year, has a self-evident financial interest in extending the enhanced subsidies.⁶ So too by virtue of its reliance on revenue from UnitedHealth does AARP.

Making Coverage Less Affordable

Another irony lies in AARP's stated reason for supporting an extension of enhanced Obamacare subsidies. While the organization claims that it supports a permanent subsidy extension—at a cost to taxpayers of \$350 billion, plus interest—to make coverage "affordable," AARP's own business model focuses on generating revenue by making health insurance less affordable for its own members.⁷

With respect to Medicare supplemental (i.e., Medigap) policies sold via UnitedHealth, AARP receives a "royalty fee" that totals 4.95% of premiums paid.⁸ As American Commitment has previously noted:

This percentage-based "royalty fee" gives AARP a strong financial incentive to aggressively market, sell, and renew as many Medigap policies as possible—and the most expensive policies at that—because AARP receives nearly five cents for every additional premium dollar its members pay to UnitedHealth. Perhaps as a result, some of AARP's own members have considered these revenues not so much "royalty fees" as "kickbacks."⁹

At the same time AARP is lobbying Congress to spend taxpayer funds making Exchange policies more "affordable," its insistence on claiming "royalty fees," and percentage-based fees at that, make Medigap policies less affordable for AARP's own membership.

A Non-Transparent Organization

AARP advocates for transparency for others, for instance supporting legislation to reveal more information regarding prescription drug pricing.¹⁰ But when it comes to its own activities—its relationship with, and financial dependence upon, UnitedHealth—AARP goes stunningly silent:

- ▶ The "fact sheet" regarding Obamacare premium subsidies omitted the fact that AARP receives a large, and growing, share of its revenue from the nation's largest health insurer.¹¹
- ▶ Similarly, communications to Congress about this year's budget reconciliation bill included references to Medicare, Medicaid, and Exchange subsidies—but not a word about AARP's contractual agreement with UnitedHealth.¹²

- ▶ AARP's website includes many news and consumer updates on issues of interest to seniors. But of the 23 articles referencing "UnitedHealth" displayed following a recent search, not a one mentions the fact that AARP's financial partner is under criminal investigation by the Justice Department for its Medicare billing practices.¹³
- ▶ An AARP article regarding last year's ransomware attack on Change Healthcare, which upended much of the health care system for months, mentioned that the technology firm is owned by UnitedHealth.¹⁴ But AARP did not disclose its own relationship with UnitedHealth to readers, breaching a standard practice of journalistic ethics to disclose anything that readers might reasonably perceive as a conflict of interest.
- ▶ Beginning with its 2018 financial statements, AARP stopped disclosing the precise amount of revenue it derived from UnitedHealth—a development that might have stemmed from increased public scrutiny over the AARP-UnitedHealth relationship.¹⁵

A Compromised Organization

As much as it tries to ignore the obvious, AARP's large and growing ties to UnitedHealth severely compromise the integrity of its policy positions. If all its revenue from UnitedHealth disappeared, AARP would have difficulty remaining a viable organization without a major restructuring and/or job losses. AARP and its employees have every incentive to preserve a major source of revenue, making its position indistinguishable from UnitedHealth's on issues such as the enhanced Exchange subsidies.

But if AARP cares so much about affordability for seniors, it has a simple solution staring it in the face—one which wouldn't require a taxpayer-funded bailout of its partners at UnitedHealth. AARP can, and should, stop overcharging its members for insurance, and figure out another way to generate revenue—preferably one in which the organization's actions actually align with its stated policy positions.

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¹Olivia Dean and Jane Sung, “Premium Tax Credits Protect Affordability of Marketplace Health Coverage for Adults Ages 50 to 64,” AARP Public Policy Institute fact sheet, September 9, 2025, <https://www.aarp.org/content/dam/aarp/ppi/topics/health/coverage-access/premium-tax-credits-protect-affordability-marketplace-health-coverage-adults-50-64.doi.10.26419-2fpfi.00380.001.pdf>.

²Miriam Cross, “Older Adults May Face Spike in Health Insurance Costs as ACA Enhanced Tax Credits Are Set to Expire,” AARP September 29, 2025, <https://www.aarp.org/advocacy/aca-tax-credits-expire/>.

³AARP Inc., 2024 Consolidated Financial Statements, March 18, 2025, https://www.aarp.org/content/dam/aarp/about_aarp/annual_reports/aarp-2024-financial-statement.pdf, p. 15.

⁴Ibid.

⁵Ibid., p. 6.

⁶Paige Minemyer, “UnitedHealthcare Grows ACA Exchange Footprint to 30 States for 2025,” Fierce Healthcare November 4, 2025, <https://www.fiercehealthcare.com/payers/unitedhealthcare-grows-aca-exchange-footprint-30-states-2025>.

⁷Congressional Budget Office, Letter to Sen. Chuck Schumer, et al. regarding selected health coverage policies, September 18, 2025, <https://www.cbo.gov/system/files/2025-09/61734-Health.pdf>.

⁸House Ways and Means Committee, “Behind the Veil: The AARP America Doesn’t Know,” March 30, 2011, https://web.archive.org/web/20201028143648/https://gop-waysandmeans.house.gov/Uploaded-Files/AARP_REPORT_FINAL_PDF_3_29_11.pdf, pp. 11-12.

⁹Chris Jacobs, “Association Against Retired Persons: How AARP Puts Its Bottom Line Ahead of Seniors,” American Commitment, March 2025, pp. 13-14; Quoted in Gary Cohn and Darrell Preston, “AARP’s Stealth Fees Often Sting Seniors with Costlier Insurance,” Bloomberg December 4, 2008, <https://www.bloomberg.com/news/articles/2008-12-04/aarp-s-stealth-fees-often-sting-seniors-with-costlier-insurance>.

¹⁰Natalie Missakian, “AARP Backs Bills to Boost Transparency in Prescription Drug Supply Chain,” AARP August 17, 2023, <https://blog.aarp.org/fighting-for-you/pharmacy-benefit-manager-bills>.

¹¹AARP, “Premium Tax Credits Protect Affordability.”

¹²AARP, Inc., Letter to Sens. John Thune and Chuck Schumer regarding budget reconciliation legislation, June 29, 2025, <https://www.aarp.org/content/dam/aarp/politics/advocacy/2025/06/senate-reconciliation-letter.pdf>.

¹³Search of www.aarp.org, October 8, 2025; Christopher Weaver and Anna Wilde Mathews, “UnitedHealth Group Is Under Criminal Investigation for Possible Medicare Fraud,” Wall Street Journal May 15, 2025, https://www.wsj.com/us-news/unitedhealth-medicare-fraud-investigation-df80667f?mod=article_inline.

¹⁴Christina Ianzito, “The Latest on Ransomware Attack Affecting U.S. Health Care System” AARP March 11, 2024, <https://www.aarp.org/money/scams-fraud/ransomware-attack-prescriptions/>.

¹⁵AARP Inc., 2018 Consolidated Financial Statements, March 20, 2019, https://www.aarp.org/content/dam/aarp/about_aarp/annual_reports/2019/2018-audited-financial-statement-aarp.pdf; AARP Inc., 2017 Consolidated Financial Statements, March 16, 2018, https://www.aarp.org/content/dam/aarp/about_aarp/about_us/2018/aarp-2017-audited-financial-statement.pdf; Chris Jacobs, “How AARP Made Billions Denying Care to People with Pre-Existing Conditions,” The Federalist October 11, 2018, <https://thefederalist.com/2018/10/11/aarp-made-billions-denying-care-people-pre-existing-conditions/>. The relevant language previously appeared in the royalties section of the statements’ Summary of Significant Accounting Practices. The 2018 statements’ Summary of Significant Accounting Practices eliminates the discussion of royalties entirely. Compare pp. 10-15 of the 2017 Statements with pp. 10-15 of the 2018 Statements.