

November 19, 2003

AARP HAS ULTERIOR MOTIVES
Puts business interests first, member interests last

Dear Colleague:

Over the past year AARP has raised serious questions about almost every aspect of the proposed Medicare bill, yet now they have amazingly decided to support the bill – including an ad campaign and grassroots activities beginning today. Is it possible that the motivation for this support is for reasons other than the best interests of their members?

As many of you know, AARP provides a drug discount card, Medigap and long-term care insurance to its members at substantial premiums. You would think that AARP would do its best to provide these services to members at a minimal cost, but to the contrary, the organization makes huge profits from the members who purchase these policies.

In 2002 alone, AARP cleared over \$161 million on its Medigap and long-term care policies. During the four-year period between 1999 and 2002 income from these insurance products totaled more than half a billion dollars. Below is a chart that shows just how much money AARP has made from their insurance products in recent years.

AARP Income From Insurance Products			
	2002	2001	2000
Retained royalty income	\$123,283,000.00	\$115,496,000.00	\$111,779,000.00
Member list access fees	\$10,794,000.00	\$9,286,000.00	\$8,947,000.00
Quality control services	\$893,000.00	\$680,000.00	\$822,000.00
Investment income	\$26,708,000.00	\$33,133,000.00	\$40,292,000.00
Revenue From Insurance Business	\$161,678,000.00	\$158,597,001.00	\$161,842,000.00

Source: AARP consolidated financial statements available at
<http://www.aarp.org/aboutaarp/Articles/a2003-06-24-annualreport-03.html>

If this bill passes, AARP stands to gain millions in new insurance business and possible expansion of its prescription drug discount card program. They are perfectly suited to reap the benefits of this special interest boondoggle. Is there potential for conflict of interest here? You bet! But don't take our word for it, read what one disgruntled AARP member posted on the AARP message board today.

"...it seems to me that there might be a CONFLICT OF INTEREST on AARP's part considering their close association with UNITED HEARTHCARE, in recent years...DOES THERE NOT APPEAR TO BE A CONFLICT HERE????? PS -\$7 mil would go a long way to reducing premium or pharmacy costs."

-RETIRED0303, from AARP Message Board, 11/19

AARP members know they are being sold out by an organization that is happily using member dues and Medigap premiums to promote a Medicare bill that does more harm than good. Vote with AARP's members – not their Washington headquarters – and vote no on the Republican Medicare bill.

Sincerely,

Pete Stark