

The Seduction

AARP's support for last fall's Medicare bill shocked many Democrats—and thousands of the group's members. But if they'd known this history, they wouldn't have been shocked at all.

BY BARBARA T. DREYFUSS

LAST JULY, AS THE DEBATE OVER A MEDICARE PRESCRIPTION-drug bill heated up, AARP, the nation's largest senior-citizen lobbying organization with some 35 million members, sent a letter to Congress detailing issues that "must be fixed" before it could endorse a final bill. Among the group's chief concerns were "program structure and the adequacy and affordability of the benefit package." If the legislation "does more harm than good," AARP warned, the group would oppose it. Coverage in the press painted an ominous picture: AARP might be ready to pull the plug on the drug bill.

In the White House, aides to presidential adviser Karl Rove were worried. They were counting on AARP to help them enact a drug benefit that President Bush could champion in his re-election bid. Now it seemed that AARP was threatening to hang tough on key issues that the Republicans would have a hard time endorsing.

The conference committee was getting ready to work on a final bill. Democrats, largely excluded from the room, had been encouraged by AARP's letter to the Hill, believing they had an ally in opposing GOP efforts to undermine traditional Medicare. After all, as everyone thought, AARP was, at least on Medicare, essentially a Democratic ally. And this view was encouraged by AARP CEO Bill Novelli, who intimated to Hill Democrats that he was with them on the drug bill.

Barry Jackson, deputy assistant to the president, got on the phone to Chris Hansen, AARP's associate executive director in charge of policy, to determine if AARP was, in fact, planning to stand tough on issues many Democrats were adamant about.

It was not. After talking with Novelli and Lisa Davis, the group's communications director, Hansen sent Jackson a reassuring e-mail, obtained by *The American Prospect* and made public here for the first time. The e-mail indicated that AARP was really willing to settle key issues very easily. "Privately, we are suggesting some fairly moderate ways for handling the biggest issues in an effort to find an agreement that can be passed," wrote Hansen, a former aerospace lobbyist. "We are well aware of the negative advocacy that is building from a variety of groups. Some of that advocacy is now being directed at us. It is not going to change our course on this ... We know that there may be details that we will message differently but we are together on the big goal."

Democrats didn't know about Hansen's e-mail. In fact, when recently told about it, one Democratic staffer expressed

shock and said that AARP "double-crossed us." But the GOP's business allies saw the e-mail. The White House sent it out to key Republican lobbyists and such groups as the National Association of Manufacturers and the Business Roundtable to make sure they knew that AARP was still on board. Over the next weeks, AARP leaders worked closely with House Speaker Dennis Hastert and Senate Majority Leader Bill Frist to craft a final bill. It passed the House on November 22 in the early morning hours, when GOP leaders left the vote open for a totally unprecedented three hours after they were initially unable to get the votes needed for passage.

Three days later the bill passed the Senate and, on December 8, President Bush signed it into law, which AARP hailed as "an important step toward fulfilling a longstanding promise to older and disabled Americans." Suddenly, the AARP wasn't looking like such a liberal Democratic ally.

FOR MANY DEMOCRATS, AARP'S SUPPORT FOR LAST November's Medicare prescription-drug bill came as a total shock. Not only could the law cause millions of seniors to lose more generous employer and state-coordinated drug benefits while providing only limited help to others; it is a major step toward the Republican Party's goal of privatizing Medicare and decimating employer-based health coverage.

To those few who were really watching closely, however, AARP's actions were not a surprise at all, and the group's conversion was anything but sudden. The story of the Republicans' seduction of AARP unfolded over nearly a decade, as GOP leaders cajoled, seduced, and occasionally threatened the group's leaders into changing their ways and accepting the reality of Republican congressional control. Today, with bad policy already law, the stakes are incredibly high, as regulations to implement the law loom, along with bills to repeal some of its worst aspects. And they will grow higher still if President Bush is re-elected and Republicans can continue toward their ultimate goals. As the battle to preserve Medicare unfolds, Democrats who were surprised by the bill's passage last November should understand a key part of the story, which has not been told, of how it happened.

Possibly the least surprised man in Washington last fall was Newt Gingrich. The former House speaker, who told a Blue Cross conference in 1995 that Medicare as a "government monopoly plan" was going to "wither on the vine" in

favor of a Republican-designed “free-market plan,” has spent the last nine years manipulating AARP.

Aided by a coterie of Republican representatives and lobbyists, as well as a headhunter firm whose Washington office is run by a Republican operative, Gingrich helped maneuver AARP from the Democratic to the Republican column. The crucial moment arrived in June 2001, with the ascent to the executive director post of Novelli, who centralized policy making by limiting input from local AARP leaders and who brought with him a team of corporate executives to run the group’s federal and state policy—people much more comfortable with Republicans, open to private plans and market-oriented policies, and more willing to make deals than many of the veteran staff.

Gingrich waxes eloquent about Novelli, who, he told me in a recent interview, “has a long history of supporting individual responsibility in health care and doesn’t want seniors dependent on government handouts.” Novelli, in turn, felt so comfortable with Gingrich that he invited him to join an advisory panel Novelli had crafted from associates he has met over the years. The panel meetings, which have since concluded, discussed AARP’s future strategies, as well as insurance and other products that AARP might offer. Novelli says, “I started an advisory committee to the CEO because I wanted to test the idea that outside, independent, creative thinkers could help me and our senior management acquire new perspectives. The committee included people from every sector and political stripe.”

For Gingrich, the Medicare bill is just the beginning. The former House speaker hopes that Novelli’s AARP will help him remake the entire employer-based health-care system as well. And he has reason to be optimistic. Gingrich asked the AARP chief to write the introduction to his new book about transforming health care, *Saving Lives and Saving Money*. In it, Gingrich lambastes the current health-insurance system, instead advocating one in which a person has “an economic interest in his or her own health and is the primary guardian of how his or her own money is spent.” Novelli does not distance himself from Gingrich’s ideas. In his foreword, he writes that “Gingrich’s ideas are influencing how we at AARP are thinking about our national role” in the health-care debate. He says he wrote the foreword because “whether one agrees or not with Gingrich’s politics, the book has interesting and important ideas about transforming the American health care system.”

Asked specifically whether he agrees with Gingrich’s criticism of the current third-party health-insurance system, Novelli leaves the door open. “AARP does not have a policy on changing the third-party system,” he told me. “But in order to sustain an important program like Medicare, when the number of beneficiaries and health-care costs continue to

rise, policy-makers must consider viable changes to how the program is financed and operated. This applies to the entire American health-care system as well.”

OF COURSE, AARP WAS NEVER CONSIDERED MILITANT. IT was founded as an insurance business in 1958, and the organization, then called the American Association of Retired Persons, opposed the creation of Medicare. (Its name was changed in 1999 to simply AARP, just an abbreviation, to de-emphasize its focus on retirement issues such as Medicare and to attract baby boomers still in the workforce.) It never developed an activist orientation, and for many years its focus was on selling insurance. In 2002, about 24 percent of its operating revenue came from health-insurance-related activities.

But its leadership in Washington, and around the country, consisted mostly of Democrats committed to maintaining



Heads Together: AARP’s Bill Novelli (left) and a certain close buddy

Medicare as a strong government-run program. AARP helped pass a major expansion of Medicare in 1988. With Democrats controlling the House for 40 years, AARP’s lobbying efforts in defense of Medicare were never really tested because the only argument that ever took place among Democrats revolved around how much to expand the government-run program.

But that changed after Republicans swept Congress in the 1994 elections. Republicans targeted Medicare for major cuts, but they knew that AARP would be a formidable obstacle. Some Republicans could not stomach working with an AARP that then-Majority Leader Trent Lott called an “arm of the Democratic National Committee.” Others felt that AARP was “the enemy” that had to be replaced by newly created, Republican-controlled senior groups. But Gingrich, from the beginning, believed that AARP could be, as one Republican congressional staffer put it to me, “defanged.”

When the Republicans took control of Congress in 1995, AARP was headed by the soft-spoken, mild-mannered Horace Deets. A former priest, Deets had worked his way up at AARP beginning in 1975. In 1988, Deets became acting executive

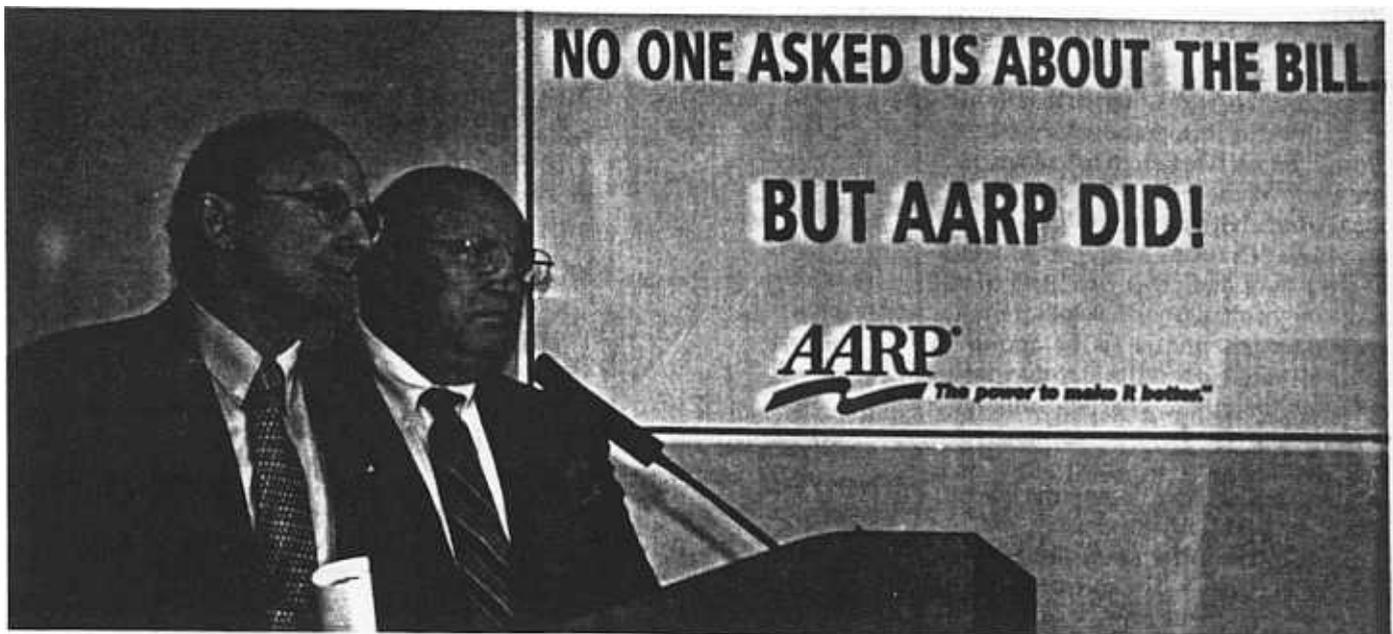
director when AARP's chief, Republican Jack Carlson, a former U.S. Chamber of Commerce executive and Nixon administration official, was forced out after only four months. Carlson ran afoul of the board because he was not a staunch advocate of government social-insurance programs, instead backing private-sector solutions.

After the Carlson experience, AARP's board wanted to make sure that the next executive director would be someone committed to a government social-insurance program, as well as someone with a management style more attuned to a consumer-advocacy group. Deets apparently fit the bill and, after only two months, was given the executive director slot, a position he held until his retirement in 2001.

Gingrich had courted AARP even before the 1994 Republican congressional victories. He was introduced around by Marty Corry, who headed AARP's federal-affairs office then

that the only way to do so was by getting private insurers to run the program, something AARP opposed. While AARP was sitting down to breakfast with the GOP leadership, these same leaders were launching an onslaught against Medicare as part of their budget-balancing goal. Republicans proposed taking the bulk of government cuts from beneficiaries as well as health-care providers. Their plan included cutting \$270 billion from Medicare over seven years, including a whopping \$51 billion from beneficiary payments.

While the House leadership was quietly courting AARP, in the Senate, the acerbic Alan Simpson declared all-out war against the group. Helping to orchestrate Simpson's effort was his aide Chuck Blohaus, now a White House domestic-policy official, whose expertise is privatization of Social Security. Blohaus' blitzkrieg would have the effect of softening up AARP even further to Gingrich's seduction.



Turkeys: Two days before Thanksgiving, Novelli and President James Parkel defend AARP's support of the Medicare bill.

and recently became a special assistant to former Medicare chief Tom Scully, playing an important role in brokering the Medicare prescription-drug deal. Corry wanted to reach out to Gingrich, the likely speaker, should the Republicans take control of the House. After the election, Gingrich and his aides held a series of regular breakfast meetings with Deets and senior policy staff. But GOPers excluded AARP staff members they believed were less malleable. One was John Rother, then AARP's legislative director. "We always saw Rother as a [Democratic National Committee] apparatchik," says Ed Kutler, who was Gingrich's chief health-care staffer at the time. The GOP-AARP meetings expanded to include Republican leaders Tom DeLay, John Kasich, and Bill Archer.

Throughout the early period of GOP control, congressional leaders maintained a steady drumbeat about the need to make Medicare cuts. Naively, perhaps, AARP leaders believed they were starting to convince Republicans that cuts weren't the only way to maintain the program's solvency, that costs had to be contained. But Republicans like Gingrich and Thomas, who agreed that costs should be curbed, insisted

In April 1995, Simpson launched an investigation into AARP's finances, including its receipt of government grants, which expanded in June into public hearings on the organization's tax-exempt status. "After the hearing, I said to them, 'I want to talk to your board,'" Simpson gloats. He told them that Deets, whom he derides as "a Svengali, a puppeteer," was manipulating them. Privately, according to former AARP officials, Simpson also told AARP that he might not pursue his investigation so intensely if the group would back off its fight against Republican balanced-budget efforts. "People like Simpson, who started looking at AARP early on, may have had the effect of moving them toward the middle of the political spectrum," says Jim Link, a former Simpson staffer.

Aiding Simpson were a coterie of "seniors" groups that had been created by archconservative and direct-mail guru Richard Viguerie, including the United Seniors Association, the Seniors Coalition, and the 60 Plus Association. They hired former Republican representatives to lobby and coordinate activities. Although founded years earlier, none of these groups were very active on Capitol Hill until the Republican takeover.

Suddenly they were invited to testify in support of Republican Medicare cuts. Jim Martin, president of the 60 Plus Association, testified in 1995 against AARP, arguing that as a lobbying group, it should not be allowed to receive federal grant money. Through public statements and reports detailing AARP activities and finances, these groups attempted to discredit AARP. A bumper sticker distributed by 60 Plus declared, "AARP: Association Against Retired Persons."

Deets remains defensive about that period, insisting that the Gingrich-Simpson good cop-bad cop routine had no effect on his former organization. "We clearly had a difference of opinion on how to reduce the deficit, and the [Simpson] hearings produced absolutely nothing," says Deets. "I can only see them as a way to embarrass and weaken us in the public eye. They didn't succeed."

But Deets is wrong. While AARP lobbyists may have continued to oppose Republican budget cuts behind the scenes, Gingrich's courting and Simpson's vitriol did blunt AARP's public attack on the Republican budget policies and help to distract and wear down the group's lobbyists. "We were aware [Simpson] was looking over our shoulder," admitted one former senior AARP lobbyist.

Perhaps there was little that AARP could have done to stop the Republican onslaught that year. But while other senior

Gingrich on the details of a budget bill. Key Republican leaders such as Ways and Means Committee Chairman Bill Thomas hoped to dramatically expand the role of private insurers in Medicare as part of the Balanced Budget Act. Democrats by this time were entreating AARP to "kill the privatization scheme in its cradle," but those entreaties were refused. In the end, the Balanced Budget Act created the Medicare Plus-Choice program, which allowed beneficiaries to enroll in a broad array of private insurance programs beyond HMOs. AARP officials believed that they had blunted some of the worst aspects of the programs. But some Hill Democrats contend that, by working with Gingrich, AARP had stymied efforts to improve aspects of the budget bill.

Throughout, AARP made no public criticisms of Republican plans. Gingrich credits the group's silence with keeping the managed-care provisions in the bill. Gingrich said in an October 2003 interview with the online version of *Health Affairs*, "When all the vicious, mean ads came out, the average senior citizen read his AARP bulletin ... and said, 'Well, that scare stuff sure can't be true because AARP would be raising hell if it was true.'" Today, Gingrich says that he "worked hand in glove with [Deets] and his staff on the Medicare Reform Act that we signed into law in 1997. And we could not have passed that without [Deets'] help."

Throughout 1997, AARP made no public criticisms of Republican plans to slash Medicare. Gingrich credits the group's silence with keeping managed care in the bill.

groups such as the labor-allied National Council of Senior Citizens were demonstrating against the Republican policies in the summer of 1995, AARP waited until October to launch its ads, mailings, and rallies against the Republican balanced-budget policies. In late November, Congress passed a plan to slash a whopping \$270 billion from future Medicare spending. Only opposition from the Clinton White House stopped its implementation.

BY 1997, AARP WAS WORKING CLOSELY WITH REPUBLICAN House leaders to craft the Balanced Budget Act of 1997, which again made significant, although less severe, cuts in the program and took a major leap in opening Medicare to private insurers.

Republican efforts to decimate Medicare had, throughout 1996, been blunted—by presidential vetoes, government shut-downs when Congress and the White House could not agree to a budget, Republican election losses due to GOP support for \$270 billion Medicare cuts, and opposition by Democrats. But by 1997, the Clinton White House and Republican congressional leaders were ready to have serious discussions on a balanced-budget deal and agreed on many of the provider payment cuts. Yet several key contentious issues remained, including how much to pay HMOs, their role in Medicare, how much to increase what Medicare enrollees paid, whether to make wealthier beneficiaries pay more for coverage, and whether to raise the Medicare eligibility age from 65 to 67.

AARP made a crucial decision. Rather than maintain an aura as a Democratic-leaning organization, it decided to promote itself as nonpartisan and to work closely with Speaker

During these same years, AARP was very reticent about taking prominent stands on such important issues as health-care reform or a Medicare prescription-drug benefit. The group gave very limited support to the Clinton Health Security Act and gave only modest support to Democratic congressional health-care-reform efforts that came later. But on the state level, with staff and volunteers that were often more activist than the national officers, there was more clamoring for curbs on drug prices, as well as universal health insurance. In Wisconsin and California, for example, local AARP volunteers began advocating universal state-run health-care plans. In some cases, AARP's national office did help local people draft more progressive proposals.

IN 1998, DEETS TALKED PRIVATELY ABOUT RETIRING, AND in January 2000, he brought Novelli into AARP in a newly created position overseeing public policy, communications, human resources, and advertising. Novelli says he decided to take the job in order to have a shot at being CEO. Deets knew Novelli from the 1980s, when Novelli's public-relations firm, Porter-Novelli, did a health campaign for AARP.

As AARP was getting ready for a transition in early 2001, the larger political scene underwent a major change of its own. Suddenly AARP was faced with a Republican in the White House, as well as GOP control of Congress. A former AARP legislative staffer describes the mood at AARP as fatalistic, saying, "People said Republicans are setting the agenda and there is not much we can do." Gingrich, who was now in the private sector but still keeping an eye on AARP,

saw an opportunity to cement a relationship between the new administration and the seniors' group. He contacted the Bush transition team. Josh Bolton, in line to be White House policy director, called AARP, which flew staff to Texas to talk to the new administration.

That May, the AARP's board announced that Novelli would succeed Deets. But before Deets left, he brought Novelli in to meet with Hastert, Thomas, and White House health-policy staff.

Gingrich had first talked extensively with Novelli at the farewell dinner for Deets and was delighted to find himself very comfortable with the new executive director. "We really met the night they had a going away party for Horace Deets, and they asked me to be one of the speakers at the dinner," Gingrich says. "Afterward, we were so simpatico in our affection for [Deets] and our concern for finding solutions for the baby boomers, and that's really what brought us together."

Although they didn't have any direct involvement in Novelli's selection, Republicans were concerned about maintaining, and perhaps increasing, relationships with AARP. The fact that AARP's top post was available was discussed at a March 2001 meeting of the "K Street Project," according to the newspaper *Roll Call*. The group includes prominent GOP lobbyists and Hill members led by Senate Republican

cial marketing firm because of the public-health campaigns it did for such federal agencies as the National Cancer Institute, it used its government work to attract corporate clients. When Novelli left Porter-Novelli in 1990, the firm's clients included Bristol-Myers, Ciba-Geigy, Hoechst-Roussel, Hoffman-La Roche, Marion Merrill Dow, SmithKline Beecham, and the trade group Pharmaceutical Manufacturers Association.

Key Republican insiders first worked extensively with Novelli when he headed the National Center for Tobacco-Free Kids. Novelli likes to cite his work for this organization as proof of his concern for consumer interests. But activists charge that he accepted a very bad deal that protected the tobacco industry; the settlement put the tobacco industry under nominal Food and Drug Administration oversight, but it also immunized the industry from class-action lawsuits and punitive damages. Critics further charge that Novelli's tactics split the movement, preventing efforts on Capitol Hill to toughen the agreement. To sell the plan on Capitol Hill, Novelli hired the man who had been Gingrich's closest congressional ally, Vin Weber, along with Ed Kutler, Gingrich's former health staffer. They helped the staff at Tobacco-Free Kids get comfortable talking to Hill Republicans. GOPers who worked with Novelli then say he was very open to discussions and "very fair-minded."

Many anti-tobacco leaders who watched Novelli operate on the Medicare bill felt like they were watching a rerun of a bad old movie. Said one, "It's Bill Novelli, at it again."

Conference Chairman Rick Santorum. It meets regularly to discuss policy and job openings. Other articles about the K Street Project also appeared at the time.

Leaks about the Republican powwow were hardly coincidental. They were designed to get the message across that associations and corporate offices had to hire people who could work with Republicans if they wanted to get anything done in Washington, say Republican insiders. "You don't necessarily have to call and tell an association you want them to hire more people able to work with Republicans," says Grover Norquist, president of Americans for Tax Reform and one of Washington's most important Republican strategists. Norquist says that when newspapers reported about the "K Street Strategy," which he helped create, the message was clear. "It's an open conspiracy," he says, "not a closed one."

Many Democrats were hopeful that Novelli, an affable man with a grandfatherly smile and a "brilliant marketing mind," in the words of one acquaintance, would make AARP a strong active force for social progress. He was known for efforts to promote public-health campaigns through social marketing, and as a leader in the efforts to stop teen smoking.

But had Democrats looked, they would have seen, sprinkled throughout Novelli's career, warnings of what was to come. Novelli had first honed his marketing skills on behalf of Richard Nixon. He worked in 1972 with the November Group, the in-house advertising unit that helped devise attack ads against George McGovern. Then, during the 1980s, he turned his marketing skills toward helping the pharmaceutical industry. Although Porter-Novelli is often touted as a so-

But many leaders of the anti-tobacco movement who watched the way Novelli operated on the Medicare bill felt like they were watching a rerun of a bad old movie. When AARP jumped on the Republican's Medicare bandwagon last year, "E-mails started zooming throughout the anti-tobacco community saying, 'It's Bill Novelli, at it again,'" says leading tobacco-control activist Stanton Glantz of the University of California, San Francisco's Center for Tobacco Control Research and Education.

WHEN NOVELLI TOOK THE HELM AT AARP, HE BEGAN TO EXERT greater control over the organization's national network and to centralize its message. It was a move that may have helped isolate the national staff from more activist local voices.

"Before, the national people were interested in what we said at the local level and ... [we] would suggest changes that went to the national legislative committee," asserts Paul Kusuda, who was a member of Wisconsin's State Legislative Committee and its Capital City Task Force. Now, he says, AARP has a different view of "grass roots—it's dictated from the top, not by the bottom."

Jason Kay, a former AARP legislative staffer in the Midwest, noted that Novelli started to "centralize a lot of what the organization put forward as its face." "In the good old days, AARP was very attuned to its members," says Judy Kohler, who worked on advocacy in the AARP's Midwest region until 2001. "We got input from chapters on what was important in the states." At the same time, Novelli severed the accountability of AARP's board to the membership. The national dele-

gate convention's role in electing the board was eliminated, and now a self-selecting nominating committee chooses it.

Today, people who ruffle too many feathers are leaving or are not invited back into leadership roles. Susan Catania, former AARP Illinois state president, was not asked to continue in that role in 2002. She had become very upset with the national office for refusing to back a prescription-discount-card plan in the state legislature, a plan AARP staff originally helped draft. Illinois state Representative Jack Franks, the Democrat who sponsored the bill, which was enacted into law last year, says, "Susan Catania supported my bill and they unceremoniously dumped her."

Meanwhile, while exerting more control over the organization nationally, Novelli sought Washington staff who could reach out to Republicans. "[Gingrich] credits Novelli with recognizing [that] if they wanted a prescription-drug bill, that was what he'd have to do to get it with a Republican Congress," says Dan Meyer, former chief of staff for Gingrich. To find the right people, Novelli called on the executive search firm Korn/Ferry International and its managing director, Nels Olson, a well-connected Republican. Olson had worked in the first Bush White House, and in the 2000 campaign helped George W.'s communications campaign team. In 2002, Olson brought in a premier aerospace lobbyist, Chris Hansen, a 26-year industry veteran, as the AARP's director of advocacy, overseeing all its lobbying.

Why would an aerospace executive be a useful addition to a public-policy advocacy group? Hansen "understands the employer perspective," says Ed Kaleta, who heads government affairs for Caterpillar Inc. and coordinates the Business Roundtable's health task force. Although Hansen is not considered an ideologue, he is open to private plans and market-oriented approaches, according to people who have worked with him on health issues. Hansen demurs. He says he does not believe Medicare's financial problems "are insurmountable, nor does it mean we have to shift the cost to individuals or to privatize things."

Hansen soon moved up to oversee all grass-roots and community-service work, as well as lobbying and policy. Korn/Ferry then helped Hansen bring in Mike Naylor to take Hansen's old job overseeing the lobbying. Naylor had spent the last 18 years as a government-relations executive for such corporations as John Deere and AlliedSignal. Novelli says that bringing in new people "changed the culture at AARP, making it more aggressive and agile." And more accepting of a market-oriented approach to health care.

It was Novelli, Hansen, and Naylor who orchestrated the AARP's approach to the Medicare prescription-drug bill, working closely with Hastert and Frist. Frist had first developed a good working relationship with AARP when Deets was invited to be on the board of the Alliance for Health Reform, set up by Frist and Democratic Senator Jay Rockefeller.

Gingrich, who was helping the House leadership keep reluctant conservatives behind the bill, had always counted on AARP being willing to negotiate, rather than acting as an advocacy group. In a conference call last August to members of his health-care think tank, Gingrich stated, according to a summary, "[T]he internal debate for the administration is whether the center of focus is on pleasing the Senate Democrats or on pleasing AARP. They can't possibly pass a bill that has both groups opposed to it. My bet is on AARP."

It appears that Gingrich's bet paid off.

AARP IS NOW AT A CROSSROADS. ABOUT 60,000 MEMBERS have already quit in outrage over the law, and a March *USA Today*/CNN/Gallup Poll shows a majority of both enrollees and the general public now opposing it. The group has given its imprimatur to policies that will in fact cover only about



Rip, Baby, Rip: 60,000 AARP members quit after the Medicare debacle.

25 percent of seniors' prescription-drug costs and prevent those who enroll from purchasing any supplemental insurance to cover the difference. Beyond that, the law may spell the beginning of the end for publicly financed and run health care for the elderly and will call into question the future of employer-sponsored insurance for workers. Opposition to the measure is likely to grow as seniors increasingly understand its provisions, which include caps on federal Medicare payments, a voucher program, a significant boost to private insurers, and the means testing of beneficiary payments. And their anger over the drug provisions will likely grow as many lose generous employer and state benefits in return for bare-bones coverage. What's more, workers are likely to feel the impact next year as employers offer them the costly and skimpy plans allowed under the new law.

AARP has maintained that it couldn't wait for a perfect bill, that the group's option was to take what passed or have nothing. Now the question for it will be whether it will back efforts by Democrats to repeal the worst aspects of the law and provide a real drug benefit. ■

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