



# NRLN Focus



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## ***The NRLN Clarion Call...* Medicare Advantage Quality Bonus Plan Is a House of Cards**

By Bill Kadereit, NRLN President



Taxpayer dollars are providing rebates and bonuses to private insurance companies for benefits to 26 million seniors in Medicare Advantage (MA) plans that are denied to the 44 million original Medicare beneficiaries. This is unfair and discriminatory

The NRLN supports competition from private healthcare plans and understands the financial challenges ahead for Medicare and the federal budget. However, we oppose legislated subsidies and restrictions placed on original Medicare Fee-for-Service (FFS) just to create the illusion that private insurance plans are more effective.

### **Medicare Costs Rising**

Medicare costs are rising four times faster than the number of new Medicare enrollees. After 23 years and over \$350 billion in rebates paid to MA plans, their annual payments per enrollee are 103% of the cost for enrollees in original Medicare;

Congress uses income tax – not payroll tax – dollars to pay MA insurers rebates of \$122 a month per enrollee.

In 2020, of the \$271 billion in federal payments to be made to MA plans, \$35 billion are rebate payments.

Medicare Part A (Hospitalization) is faced with becoming insolvent by 2028 and 72% of Medicare B and D are funded by Income Tax revenue. Medicare enrollees are projected to grow from 64 million in 2020 to nearly 100 million by 2060. Medicare's healthcare costs are expected to grow from \$741 billion to \$1.5 trillion by 2029!



### **Quality Bonus Plan**

The Medicare Advantage Quality Bonus Plan (QBP) is used as a vehicle to pump federal income tax dollars into insurance companies. QBP's 1 to 5-star plan even awards the low 1-star rated plans a 50 percent rebate, a direct subsidy that squanders taxpayer dollars, a scheme that funds privatization of Medicare.

The Medicare Payment Advisory Committee (MedPAC) has reported to Congress that QBP is unprofessionally derived and administered. The Health and Human Services (HHS) Inspector General has stated that QBP provides "wrong or improper payments." Yet Congress continues to subsidize MA plans. Healthcare cost per Medicare enrollee is growing at a rate 4 times enrollee growth. Shifting it to seniors undermines our economy.

The NRLN considers the QBP program a House of Cards in Congress' move towards Medicare privatization through bonuses and rebates to insurance companies.

### **We propose:**

- Congress should immediately suspend MA plan bonuses and rebates.

(Continued on page 2)



(Continued from page 1) ***The NRLN Clarion Call ... Medicare Advantage Quality Bonus Plan Is a House of Cards***

- Congress must direct MedPAC, HHS Inspector General, and any other appropriate agencies to investigate and publicly report on MA and original Medicare financials, cost effectiveness and quality of healthcare with and without taxpayer subsidies for rebates and 5-star plan bonuses.
- Grandfather the 26 million seniors who have purchased MA plans in good faith from future reductions in benefits and guarantee subsidies for benefits provided as of December 31, 2019.
- Provide original Medicare enrollees with the same benefits as MA plans.
- Reduce the \$140 billion annual wrong and improper payments generated by all federal agencies (particularly the \$85 billion attributable to Medicare and Medicaid) and use the savings to eliminate the 75-year deficits of Medicare Part A and Part B.
- Centers for Medicare and Medicaid must refine Medicare FFS benchmarks for fees and costs and prioritize treatments for life threatening and/or high cost end results criteria.
- QBP must be replaced with a healthcare statistical quality control plan that establishes measurable supplier processes and end results standards plus audit and report on supplier performance.
- Congress has a duty to amend or create legislation that provides Medicare FFS free-market authority to seek competitive bids and buy products and services directly, not through middlemen.
- Abolish legislation that provides MA plans preferential treatment and prohibits Medicare FFS from innovations that would lower healthcare costs and better serve seniors' healthcare needs.

## **NRLN 2020 Survey Results Provide Valuable Information**

Between May 13 and June 20, 2020, there were 6,801 NRLN grassroots advocates who participated in all or parts of the 2020 NRLN Survey.

"I want the individuals who took the time to participate in the survey to know that their responses are greatly appreciated, said NRLN President Bill Kadereit. "The NRLN is pleased that there were 1,041 more participants in the 2020 survey than for the last survey in 2018. This input forms the base for our legislative agenda and therefore how we spend our time and total resources – serving retirees."

### **Survey Demographics**

Among the 2020 survey participants 92% were older than age 65; 7% were age 55 to 64 and 1% were age 54 or younger. Responders to the survey retired from or are still working for 716 companies, public entities or self-employed. Planned retirement communities like The Villages in Florida are the homes for 1,915 responders.

### **Highest Agreements**

The highest levels of agreement—more than 85%—among survey participants included:

- 99% agreed the NRLN should advocate legislation that protects retirees' pensions and benefits in corporate mergers, acquisitions and spin-offs.
- 98% agreed the NRLN should advocate legislation that stops corporations from taking pension assets to use for non-pension expenses.
- 97% agreed the NRLN should advocate legislation that prevents drug companies from colluding to control pricing or subvert free markets.

(Continued on page 3)



(Continued from page 2) **NRLN 2020 Survey Results Provide Valuable Information**

- 97% agreed the NRLN should advocate bankruptcy reforms that place retirees' pensions and benefits on a list of obligations that companies can't shed.
- 96% agreed the NRLN should advocate legislation to require Medicare to take competitive bids for prescription drugs.
- 93% agreed the NRLN should advocate legislation to require pension plan sponsors to submit a proposal to the Department of Labor, Treasury Department and/or Pension Benefit Guaranty Corp. before merging plans.
- 92% agreed the NRLN should advocate legislation to accelerate bringing generic drugs to market.
- 92% agreed the NRLN should do more to advocate for legislation to increase competition that would lower retirees' costs for health services and products.
- 89% agreed the NRLN should advocate legislation to legalize the importation of safe and cheaper prescription drugs.
- 88% agreed many retirees age 65 and older who are Medicare eligible are held hostage to higher costs for their Medicare supplement (Medigap) plans or their Medicare Advantage plan because of a preexisting medical condition. NRLN should advocate legislation to end this discriminatory practice.
- 87% agreed the NRLN should investigate ways to advocate against de-risking harm if my pension is someday paid by Prudential or other third party.
- 86% agreed the NRLN should advocate protection of Social Security by a small increase in the payroll tax rate and increasing the cap on maximum wages taxed.
- 86% agreed Congress should pass legislation to allow Medicare to negotiate the price of prescription drugs for Medicare participants.

### **Most Responders Have a Pension**

Of the retired responders 70% have a defined benefit pension plan from their former employer. Sixteen percent took a lump sum payment when they retired and 14% have an annuity paid by an insurance company.

Forty-two percent participated in an employer sponsored 401k savings plan; 32% have an IRA or other retirement savings and 4% don't have any retirement income from their former employer.

### **Views on Social Security**

More than half of the responders (56%) believe that Social Security is underfunded because Congress will not pass legislation for proper funding and only 10% believe Congress will enact legislation to properly fund Social Security.

Forty-seven percent believe Social Security will be available for them for as long as they live but fear they could see a reduction of benefits. However, 39% believe they will continue to receive Social Security for as long as they live without any reduced benefits

Responders are not optimistic about the future of Social Security for the next generation. Only 6% believe that Social Security will be available with full benefits for their children. But, 38% believe that the next generation will have Social Security with reduced benefits.

Two-thirds of the responders (66%) believe that Congress should take action to improve the funding of Social Security by eliminating the cap on earnings and 42% support raising the current cap of \$137,700 each year. Thirty-seven percent support raising the current 6.2% tax for Social Security by 2% paid by larger corporate employers. However, less than one-third (29%) support

(Continued on page 4)



(Continued from page 3) **NRLN 2020 Survey Results Provide Valuable Information**

raising the current 6.2% tax for Social Security by 1% to 1.5% paid by employees and small business owners. In addition, only 29% would support raising the age when a person can begin receiving Social Security and the age for full benefits.

### **Healthcare Coverage**

Of the responders age 65 and older, original Medicare is the healthcare coverage for two-thirds of the responders and one-third have Medicare Advantage. Since 70% of responders receive a defined pension benefit, it's safe to say that most of the one-third are covered by Medicare Advantage – PPO plans paid for in part by their former employers. There are about 5 million covered by such plans in America today. A spouse's healthcare plan provides coverage for 6% of responders and outside (non-Medicare) provides coverage for 5%. Less than one-quarter of one percent do not have healthcare insurance.

Of those with original Medicare, 72% also have a Medicare supplement plan (Medigap).

Of the responders with a Medicare Advantage plan, 22% said their premiums have gone up; 16% have experienced their deductible going up and 17% said their out-of-pocket maximum has gone up. Twenty percent are pleased very with their Medicare Advantage plan; 25% are somewhat pleased with their plan and 3% are not pleased with their plan.

Eighty-four percent of the responders believe the Medicare program will be available to them for as long as they live without any reduced benefits and 8% of them said they could accept a reduction in benefits. Two-thirds believe Medicare benefits will be properly funded through Congressional legislation. Their belief is that the Medicare program will be available for the next generation with full benefits dropped to 53%.

### **Responses about Prescription Drugs**

The response to the question: Have you ever (or currently) purchased prescription drugs from another country? Have not - 85%; Canada - 8%; Mexico - 3%, and Other Country - 4%.

Survey participants were asked: Do you believe?... (check all that you believe)

- Pharmaceutical companies are price gouging Americans. – 78%
- Congress should pass legislation to allow Medicare to negotiate the price of prescription drugs for Medicare. – 86%
- Congress should pass legislation to allow the importation of save, lower priced prescription drugs from Canada. – 72%
- Congress should pass legislation to allow the importation of lower priced drugs from any country that meets FDA safety standards. – 64%
- Congress should pass legislation that prevents deals between drug companies that keep lower priced generic drugs off the U.S. market. – 81%
- It is unacceptable for drug companies in the S&P 1500 to earn an average net profit margin of 16%, compared with an average of 7% for all other companies in the S&P index. – 0%
- It is unacceptable for drug companies to spend up to twice as much or more on marketing and promoting their products – including advertising – as they do on research and development. – 0%

### **About the NRLN**

It was asked: Based on what I know about the NRLN, I believe the NRLN will be... (click all that you believe).

- Beneficial to retirees – 84%



(Continued from page 4) **NRLN 2020 Survey Results Provide Valuable Information**

- Will receive my support as a dues-paying member – 44%
- I don't know – 15%

Fifty-six percent the survey's participants responded to these social media statements:

- I use Facebook – 74%
- I "like", "share", and "follow" Facebook.com/NRLN1 – 15%
- I "follow" Twitter.com/NRLN3 – 3%
- I use Instagram – 11%
- I "follow" Instagram.com/nrlnorg – 2%
- I watch NRLN videos when posted on the NRLN website – 36%

I think the NRLN sends...(click all that apply)

- Too many email messages asking for my grassroots lobbying help – 11%
- Too few email messages asking for my grassroots lobbying help – 3%
- Too few email messages that contain information about what I feel I need to know – 8%
- Messages that are too long – 15%
- Messages that are hard to understand – 11%
- Informative messages – I look forward to reading them and sending messages to Congress – 73%

### **Volunteers and Additional Comments**

"I want to thank those individuals who volunteered to help the NRLN," Kadereit said. "A willingness to spend personal time is very important to us. I also appreciate the 1,235 individuals who took the time to write their personal comments at the end of the survey."

## **Grassroots – You Are Already Part of the team – participate!**

By Bob Martina, NRLN Vice President – Grassroots

All NRLN members are on the Grassroots Advocates team. Some take a more active role than others. All are asked to participate in responding to Action Alerts. Everyone can do more than that. Below is a chart showing the roles that several committees play in determining what the NRLN takes action on and what method will be used.

Bob Martina, NRLN VP – Grassroots, serves as Chairman of the Grassroots Committee. Members are the 14 NRLN Regional Vice Presidents. They and their State Leaders and Congressional District Leaders are listed in the Grassroots Directory at [www.nrln.org/directory.html](http://www.nrln.org/directory.html).

The Grassroots Committee ensures Congressional coverage by attempting to cover all Congressional Districts (CDs) with one or more CD leaders. CD leaders are usually among the best responders to Action Alerts. While this is good, it helps to have the general membership respond also, amplifying the message. Grassroots Committee members as well as state and CD leaders also: submit Letters to the Editors to papers, pass information to key committee members and their staffs, and attend town hall or other meetings with their Senators or Representatives. All these people are volunteers.

The Grassroots team includes you. Support the team in trying to get things done for retirees in Congress by responding to Action Alerts. It normally takes less than 5 minutes to do so. It is the

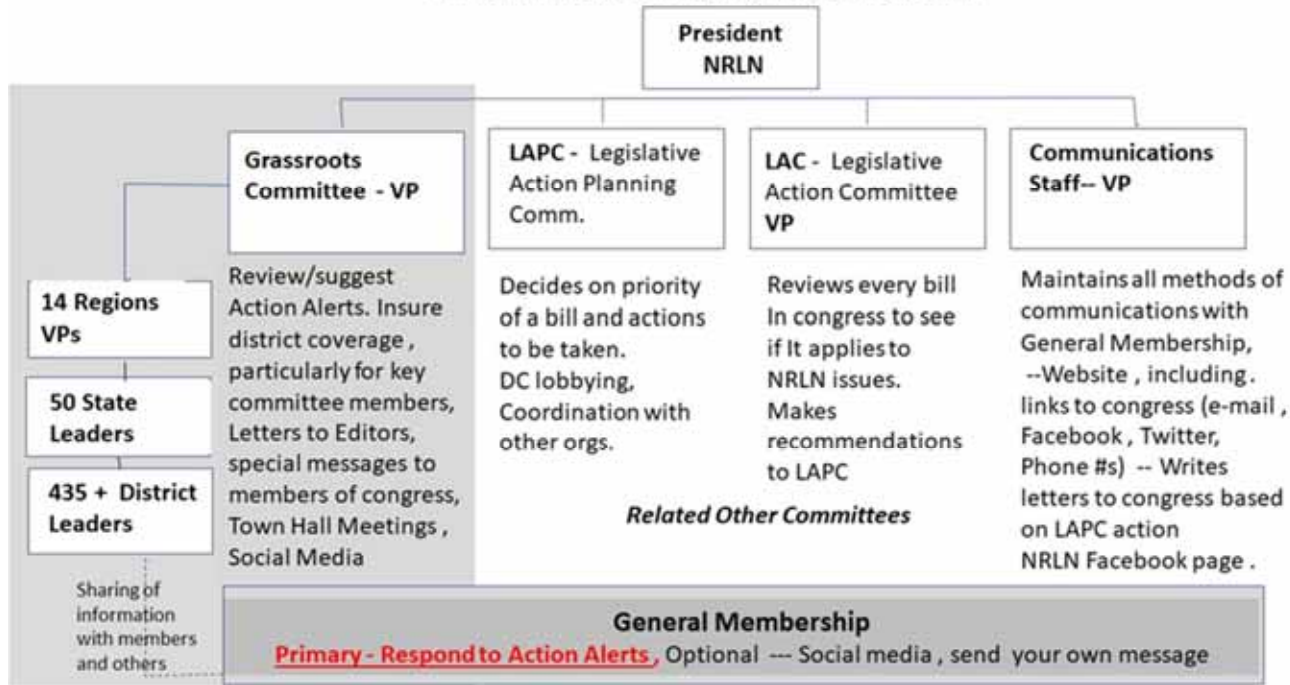
(Continued on page 6)





(Continued from page 5) **Grassroots – You Are Already Part of the team – participate!**

### The NRLN Grassroots Team



least we ask of you.

#### LAC and LACP Duties

The Legislative Affairs Committee (LAC) reviews all bills introduced in Congress for applicability to the NRLN's issues and makes recommendations to the Legislative Action Planning Committee (LACP). The LACP reviews all bills recommended by the LAC and determines what action(s) should be taken, such as an Action Alert, letters to House and Senate leaders or table and monitor bills.

The LAC is composed of Chairwoman Judy Stenberg, NRLN VP Pacific / Mountain West Region; Deb Morrissett, Director, National Chrysler Retirement Organization; Al Duscher, Director, Lucent/Nokia Retirees Chapter; Joe Mazzei, Lucent/Nokia Retirees Chapter member, and Bob Martina, NRLN VP – Grassroots.

Members of the LACP are Chairman Bill Kadereit, NRLN President; Alyson Parker, NRLN Executive Director, Judy Stenberg, Bob Martina and Ed Beltram, NRLN VP – Communications.

If an Action Alert is required, a message is emailed to all NRLN members. The more who respond to an Action Alert, the more effective this will be in influencing Congress. The VP – Grassroots is involved in this and can suggest we issue an Action Alert at any time in support of a bill or some other retirement issue.

The Communications Team maintains the NRLN website with many of the tools it provides for you to contact your members of Congress and/or the President. Active Action Alerts can be accessed from the website home page at [www.nrln.org](http://www.nrln.org). The Communications Team also maintains [www.facebook.com/nrln1](http://www.facebook.com/nrln1); [www.twitter.com/nrln3](http://www.twitter.com/nrln3); [www.instagram.com/nrlnorg](http://www.instagram.com/nrlnorg); provides information for you daily, and writes letters to Congress as determined needed by the LACP committee.



(Continued from page 6) **Grassroots – You Are Already Part of the team – participate!**

### **Congressional Report Card**

A tool for all Grassroots Advocates is the NRLN Report Card which identifies whether the U.S. Senators and Representatives for each state are cosponsors of bills supported, or opposed, by the NRLN. To access the Report Card, click on the Legislative Action Network link on [www.nrln.org](http://www.nrln.org). When the map of the USA appears click on your state. On the Elected Officials webpage click on the EXCEL DOWNLOAD button. After the Report Card is downloaded, click on “Enable Editing” at the top of your EXCEL program screen to have the bill appear. A link to see who in Congress is receiving campaign contributions from the Pharmaceutical industry is also provided on our website’s home page.

As you prepare to make your 2020 vote decisions, you are encouraged to review the Report Card on your Senator and Representative to see if they are cosponsoring legislation that the NRLN believes is important.

Feel free to pass this information onto non-members, they may wish to help row the boat.



## **A View from Washington, DC**

I have written about this topic before, but here I am again months later writing about it again. Despite both the Senate and House, Democrats and Republicans, and the general public all agreeing that a solution is urgently needed to address the high cost of prescription drugs, a solution is on life support. Will Congress work together in the final hours before the election or use the issue as political fodder?

### **Grassley/Wyden Bill**

President Trump recently reiterated that he is ready to sign a bill addressing the high cost of prescription drugs. With that commitment, Senate Finance Committee Chairman Chuck Grassley (IA) has been maneuvering to have his bipartisan drug proposal, authored by Grassley and Senator Ron Wyden (OR), Ranking Member Senate Finance Committee, included in the next stimulus package.

The Grassley/Wyden bill (S. 2543) has strong bi-partisan support from members of the Finance Committee, but Majority Leader Mitch McConnell is not motivated to move the legislation causing friction between two powerful leaders in the Republican party. Moreover, Chairman Grassley’s staff has been unsuccessful in reaching a compromise with House staff. Chairman Grassley has also recently had conversations with Speaker Pelosi to find common ground, but nothing has come of it.



### **Capping Out-of-Pocket Costs**

The Grassley/Wyden bill would limit increases of drug prices in Medicare to the inflation level and limit out-of-pocket costs to \$3,100 for seniors and for people with disabilities that are enrolled in Medicare’s drug coverage program. The House prescription drug bill, H.R. 3, which passed the House in December 2019 would allow the Secretary of Health and Human Services to negotiate drug prices with manufacturers. It would cap Medicare recipients’ out-of-pocket costs for

(Continued on page 8)

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page 8

Summer 2020

## (Continued from page 7) **A View from Washington, DC**

medicines at \$2,000 a year.

### **Drug Price Increases**

The need for a solution has only increased during the pandemic. Many have lost their jobs or have been furloughed resulting in them struggling to pay for their prescriptions. Adding to the problem is that drug makers continue to raise their prices during the COVID-19 crisis. To date, there have been over 800 price increases by pharmaceuticals this year. At the beginning of July, the cost of 43 medicines went up by an average of 3.5%.

### **Election Year Politics**

Adding to the problem is it is an election year making each party very reticent to give the other a win to talk about back home. Control of the Senate is up for grabs at this point and neither party wants to give the other the advantage. Additionally, the Democrats know that if they regain control of the Senate, they won't need to compromise on this issue. Sadly, the losers in this are the American people that buy prescriptions.

### **NRLN MEMBERSHIP CONTRIBUTION**

### **FOCUS**

*The NRLN is a nonprofit, tax-exempt organization. Contributions are not tax deductible.*

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**PHONE:** \_\_\_\_\_ **E-MAIL ADDRESS (IF AVAILABLE):** \_\_\_\_\_

*I get my retirement benefits from* \_\_\_\_\_ *(name of company)*

*Mail this form with your check or money order (no cash please) for \$25, \$50, \$75 or more (any amount is appreciated)*

*payable to: NRLN, Inc., PO Box 69051, Baltimore, MD 21264-9051. Or, make a contribution with your credit card on the NRLN website at [www.nrln.org](http://www.nrln.org). Click on the red flashing "Contribute to the NRLN" icon and use the credit card form.*