



NRLN Focus



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The NRLN Clarion Call... Why NRLN Has a Focus on Medicare and Medicare Advantage

By Bill Kadereit, NRLN President



You may have read my NRLN President's Forum messages about Medicare and Medicare Advantage (MA) and recently the first two videos on this subject. There are two more coming that you can view at www.nrln.org.

MA HMO plans can be a good deal for those turning age 65 who are healthy and may not have to meet their annual out of pocket max obligation, but they usually limit doctor and out of network selections. Many NRLN members are in an MA - PPO plan offered by their former employer or they picked an MA - PPO plan as their personal choice where doctor and network selection is covered. Employers may cover premium or other costs.

My research and communications for the NRLN about billions of dollars in taxpayer subsidies and rebates to insurance companies for MA plans is motivated by a fear that many members of Congress want to grow participation in MA plans with the intent of privatizing Medicare to get the cost out of the federal budget. (If you will read on in this column, I will inform you that 75% of our members of Congress have signed letters in support of MA.). In 2018 Medicare paid out \$741 billion but by 2028 payments are projected to be \$1.6 trillion, up 114%. Participants increase by 28%, so costs are growing four (4) times faster than Medicare participants.

It is no surprise that Congress wants to privatize Medicare before they must pay for runaway healthcare costs or raise taxes. They are taking a huge gamble, their game is to shift cost increases to the private market, us.

Two Elements of Discrimination

There are two elements of discrimination whether you are part of the 22 million enrolled in an MA plan or the 42 million enrolled in original Medicare Part A and B Fee-for-Service.

The NRLN advocates that MA plan participants who want to switch to original Medicare should not be trapped by the loss of "guarantee issue" rights to qualify for a Medigap plan after 12 months without having to meet pre-existing condition requirements and underwriting. We also advocate that the original Medicare 42 million beneficiaries should have access to the special benefits (19 new so-called "chronic" benefits added in 2020) that MA participants have access to, depending on the plan selected. A chronic disease benefit (like for Asthma) should apply to all participants in both plans.

Taxpayer Dollars for Insurance Companies

The 2019 Medicare Trustees Annual Report (MTAP) report shows that private healthcare insurers were paid \$130 billion in rebates from 2009 to 2018 and are projected to receive another \$376 billion during the 2019 to 2028 period. The Kaiser Family Foundation (KFF) reported that in 2017 that MA plan payments per enrollee were \$88.50 or 10.0% higher than original Medicare spending for Parts A and B combined. The 2019 MTAP data supports that 2018 Medicare overhead was 1.2%. MA plan insurers typically carry up to 10% or more in overhead plus 5.2% or more in profit burden.

Insurance companies claim that most MA plans don't charge premiums and that most of their special benefits are free. This is possible only because Medicare Part A & B premiums are already covered by \$144.60 / month we pay and by how heavily MA plans are subsidized by questionable rebate dollars that are used by MA plan insurers to pay for Medicare D premiums, cost sharing or supplemental benefits, that fuel MA plans' market share growth.

NRLN Supports a Level Playing Field

We support competition on a level playing field but oppose paying unjustified rebates such as the 50% rebate for 1-star (out of 5) quality ratings to insurers who use them to buy benefits and TV ads that influence



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unknowing seniors to think there is a free ride. Congress has allowed MA plans to offer a new range of special benefits in 2020, but such benefits have not been provided to 42 million participants in original Medicare. Denying benefits to 42 million others is not enabling competition, it is stacking the deck, unethically shifting costs to all seniors, thus privatizing Medicare through a subsidization scheme. Congress must find a way to reduce healthcare costs, not shift them to seniors.

The Medicare Payment Advisory Commission (MedPAC) that advises Congress on issues affecting the administration of the Medicare program estimates that in 2020 rebates to insurers per MA enrollee will be \$122 a month, \$38 billion annually, a 50% increase above 2016. These subsidies fatten profits; 72% of the dollars used to pay for them come from federal income tax payments. A Medicare D plan cost them only \$34 a month.

403 Members of Congress Betrayed Original Medicare

I want to turn to the issue of the large number of Senators and Representatives (Democrats, Republicans and Independents) who want more benefits added to MA plans in 2021.

Have you ever heard of the Better Medicare Alliance (BMA)? No? I had not heard of the organization until early February when an NRLN members sent the NRLN copies of letters that Senators and Representatives had sent to Seema Verma, Administrator, Centers for Medicare and Medicaid.

Our research into these letters found that they were initiated by the BMA and signed by 403 members of Congress. (There are 535 members of Congress.) The NRLN learned BMA, according to federal tax returns, is a Washington, DC lobbying organization with a multimillion-dollar budget that is primarily funded by three of the largest providers of MA plans -- UnitedHealthcare, Aetna and Humana.

Suspicious of Lawmakers' Motives

The fact that 75% of the country's lawmakers signed letters backed by the same healthcare insurance industry that gives millions in campaign contributions to many of the same individuals raises suspicion that a majority in Congress are committed to using MA plans as a Trojan horse to speed Medicare toward privatization.

The NRLN believes it is a dangerous precedent that members of Congress would join a lobbying organization funded by the dominant healthcare insurance industry corporations in an affront to 42 million retirees who chose to be in original Medicare. The Senators and Representatives are so bold that they have allowed BMA to post their names and photos on its website where they are called "Medicare Advantage Champions".

Exploring Common Interests

During the NRLN's February Fly-In to Washington, DC, leaders of the National Committee to Protect Social Security and Medicare and the Alliance of Retired Americans, an organization of retired AFL-CIO union members, attended our Monday afternoon briefing session. Alyson Parker, Ed Beltram and I also had a meeting with staff members for the Center for Medicare Advocacy. Discussions are on-going with these groups on where our common interest are on Medicare issues.

Medicare, Prescription Drugs and Pension Issues Lobbied During NRLN's Washington, DC Conference

Lobbying efforts in Washington, DC during the NRLN Annual Leadership Conference, February 24 – 26, 2020, focused on Medicare privatization, reducing prescription drug prices and protecting retirees' pensions.

Board of Directors Meeting

Monday morning, February 24, was devoted to an NRLN Board of Directors meeting open to attendees. Janet Seefried, NRLN & AREF Secretary/Treasurer, reported on NRLN contributions and AREF donations and budgets. She emphasized the importance of support from individuals who provide 80% of the NRLN's budget and practically all of the AREF's budget.



Jim Bodenner (center) and Ray Pasternak, NRLN Villages Chapter Leaders, meet with Jessica Thompson, Legislative Assistant, for Rep. Daniel Webster (FL-11).

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Joe Sciulli (right), President, NRLN Lucent / Nokia Retirees Chapter and Alyson Parker, NRLN Executive Director, meet with Mark Warren, Chief Tax Council, for Senator Chuck Grassley (IA) to lobby for legislation that would allow companies, such as Nokia, to use surplus pension assets to preserve benefits, including life insurance for Lucent / Nokia retirees.

Vern Larson, NRLN Vice President – Membership Development, reported on efforts to recruit additional retiree associations and chapters. He, along with Martha Deahl, Arizona Chapter President and Vice President – Desert Southwest Region, plus Marta Bascom, former NRLN Executive Director, are primarily directing their efforts toward retiree groups whose defined benefit pension plans are severely underfunded and/or at risk of losing retirement benefits.

Ed Beltram, NRLN Vice President – Communications, reported on the work done by Bob Martina, NRLN Vice President – Grassroots, to identify the Senators (Republicans,

Democrats and Independent) and the Representatives who signed letters in early February urging the Centers for Medicare and Medicaid to add more special benefits to Medicare Advantage plans in 2021. (Read more on this issue in The NRLN Clarion Call column.)

Afternoon Briefing Session Begins

Kadereit opened the afternoon briefing session and called on Alyson Parker, NRLN Executive Director, to provide her an overview of her work representing the NRLN on Capitol Hill week after week. She reported that two pension protection issues advocated by the NRLN could be included in a bill that is expected to be introduced this year. She said it is uncertain whether the House of Representatives and the Senate can reach agreement this election year on a comprehensive bill to reduce the price of prescription drugs.



Michigan Senator Gary Peters (center) pauses for a photo with leaders of the Detroit Edison Alliance of Retirees (DEAR) and National Chrysler Retirement Organization (NCRO). Left to Right Cheryl VanVliet (DEAR), Rich Brown (NCRO), Jay Kuhnle (NCRO), Deb Morrissett (NCRO), Bob Barrette (DEAR) and Janet Seefried (DEAR).

Guest Speaker's Presentation

The guest speaker was Tricia Neuman, Sc.D., Senior Vice President & Senior Advisor to the President of the Kaiser Family Foundation (KFF) and Director, Program on Medicare Policy. KFF serves as a non-partisan source of facts, analysis and journalism for policymakers, the media, the health policy community and the public. (KFF is not associated with Kaiser Permanente Healthcare).

She used a PowerPoint presentation to explain The Role of Private Plans [Medicare Advantage] in Medicare. Today, 22 million (34%) of the Medicare population is enrolled in a Medicare Advantage plan.

She noted that the Congressional Budget Office has projected that by 2029 half of Medicare beneficiaries will be enrolled in Medicare Advantage plans.



Jim Odle (left), President, NRLN DuPont Retirees Chapter, and Vern Larson, President, NRLN Avaya Retirees Chapter, with Haley DeHaes, Legislative Correspondent, for Senator Joni Ernst (IA).



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Prior to the start of the Nebraska Congressional Breakfast, Vern Larson, President, Avaya Retirees Chapter, goes over NRLN Talking Points with Katherine Duveneck, Legislative Assistant, for Senator Ben Sasse (NE).

Neuman also discussed prescription drug prices. Total retail prescription drug spending in the U.S. in 2005 was \$205 billion, was \$234 billion in 2017 (latest data available) and is projected to reach \$605 billion in 2026.

KFF's research has identified, just as the NRLN has, the two major bills in Congress intended to reduce the price of prescription drug. They are the H.R. 3, Elijah E. Cummings Lower Drug Costs Now Act of 2019, which was passed by the House of Representatives on December 12, 2019, and S. 2543, Prescription Drug Pricing Reduction Act of 2019, which has been approved by the Senate Finance Committee. However, Senate Majority Leader Mitch McConnell has not made a public statement on whether he will bring S. 2543 to a vote on the Senate floor.

President Trump has announced rule making for the importation of prescription drugs and an International Price

Index for Medicare Part B drugs. He also supports passage of S. 2543 which was introduced by Senators Chuck Grassley (IA) and Ron Wyden (OR).

Kadereit's Medicare Privatization Presentation

Following the guest speaker's presentation, Kadereit presented his briefing on Medicare Privatization. His presentation was titled, Medicare Privatization – A Bait and Switch Failure and Government Scandal. It focused on how the Centers for Medicare and Medicaid are giving taxpayer subsidies to private insurance companies for Medicare Advantage (MA) plans as a move toward the privatization of Medicare. He made it clear that attendees would lobby on Capitol Hill against the use of MA plans to privatize Medicare.



Leaders of the National Chrysler Retirement Organization and the Detroit Edison Alliance of Retirees, meet with Mike Veselik (front right), Policy Analyst on the Democratic Policy and Communications Committee, Senator Debbie Stabenow (MI), Committee Chair.

Kadereit point out that after years of healthcare insurers taking more than \$300 billion in taxpayer subsidies, MA plans have not shown they can be cost-competitive with original Medicare A & B Fee-For-Service. Original Medicare carries a less than 2% overhead while MA plans have around 15% for overhead and profits. Congress has funded 19 new special benefits in 2020 for MA plans that cover 22 million enrollees, but the special benefits are denied to 42 million participants in original Medicare. He said this is discriminatory and creates a false image that MA plans have been or can be successful at reducing costs or increasing longevity.



Judy Stenberg (right), NRLN Vice President – Pacific / Mountain West Region, discusses prescription drug prices with Tara Stutsman, Legislative Correspondent, for Senator Jeff Merkley (OR).

What Congress Should Do About MA

Kadereit made it clear that attendees would lobby on Capitol Hill against the use of MA plans to privatize Medicare and would also advocate that Congress should:

- Grandfather seniors who have purchased MA plans in good faith, protecting their



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benefits and subsidies.

- Make MA subsidies for special benefits also available to the 42 million original Medicare enrollees.
- Switch back to original Medicare Fee-for-Service and focus on costs as well as medical innovation and wellness management.
- Encourage private insurance carriers to compete with Medicare but without subsidies. Only improved effectiveness and lower cost can avert long term individual loss of purchasing power and national economic consequences as the over-age 65 population grows from 52 million to 100 million in 2060 (Census Bureau projection).
- Direct the Government Accountability Office, Congressional Budget Office and Health



NRLN President Bill Kadereit makes a point about Medicare Advantage plans receiving taxpayer subsidies to Brett Baker (center), Health Policy Director, for Senator Chuck Grassley (IA). Jim Odle (left), President, DuPont Retirees Chapter, and Alyson Parker, NRLN Executive Director, also participate in the meeting.

and Human Services Inspector General to investigate financials of MA and original Medicare Part A and Part B, with & without unwarranted subsidies.

- Reduce Medicare and Medicaid \$85 billion in annual wrong and improper payments; use savings to eliminate the 75-year deficits of original Medicare.

Kadereit also discussed letters signed members of Congress supporting Medicare Advantage plans which was discussed in the NRLN Board meeting.



Jim Odle, President, DuPont Retirees Chapter, meets with Lynn Sha, a staff member, for Senator Tom Carper (DE).

During the briefing session, an article in the February 21 New York Times, was passed around the room. The story featured the decision of a retiree to select a Medicare Advantage plan when he was healthy at age 65. In November 2019, at age 72, he was diagnosed with aggressive bladder cancer. The doctor he determined was the best local specialist for his condition was not in his network. He decided he wanted to switch to original Medicare for 2020, a move that would allow him to see nearly any healthcare provider he chose.

That was when he ran up against one of the least understood implications of selecting Medicare Advantage when enrolling in Medicare: the decision is effectively irrevocable. Read the New York Times article at:

<https://www.nytimes.com/2020/02/21/business/medicare-advantage-retirement.html>

Beltram Covers Three Lobbying issues

Beltram briefed the attendees on talking points on three issues:

Reduce Prescription Drug Prices – Congress should remove the prohibition on Medicare



Jim Bodenner (left) and Ray Pasternak (right), NRLN Villages Chapter Leaders pause for a photo following a meeting with Nick Uberti, staff member, for Senator Rick Scott (FL).



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negotiating drug prices and replace it with a competitive bidding model used by businesses. Legislation is needed to end pay-for-delay and other brand name drugmakers' tactics that obstruct generic drugs from coming to market. Americans should be allowed to import of safe and less expensive drugs from Canada. The NRLN lobbied for bills that would achieve these objectives.

The NRLN wants the Senate to pass **S. 2543** and go to a conference committee with **H.R. 3**, passed by the House, with the hope of seeing a compromise bill that both the House and Senate would pass and be signed into law by the president.

Pension De-risking – Many employers are converting their pension plans to third-party insurance company annuities. The steady decline in original defined-benefit pension plans through “de-risking” will continue, according to the findings of a recent survey by MetLife. When “de-risking” occurs with the purchase of an insurance annuity pension plan participants lose the protection of PBGC and ERISA. NRLN’s proposals for legislation would protect pension plan participants.

Mergers, Acquisition and Spin-offs – The NRLN urged Congress to introduce and pass legislation to provide specific protections for pension plan participants when there are corporate mergers, acquisitions and spin-offs. The NRLN’s proposal included legislative language for a bill to be introduced.

Talking points on the lobbying issues can be accessed on www.nrln.org. Click on the Legislative Agenda tab and select the link to Talking Points. On the Talking Points webpage click on the following titles:

- Medicare Privatization – A Bait and Switch Failure and Government Scandal
- Congress Must Act to Reduce Price of Prescription Drugs - Talk Is Cheap – Drugs Are Not!
- Pension Plan De-risking: Fiduciary Protection of Retirees
- Pension Plan Risks in Mergers, Acquisitions and Spin-offs

Guests of the NRLN for the briefing session included leaders of the National Committee to Preserve Social Security and Medicare plus Alliance of Retired American, an organization of retired AFL-CIO union members.

On Tuesday, in the rain, and Wednesday, under a cloudy sky, attendees carried the NRLN’s advocacy messages to Capitol Hill with two dozen meetings with Representatives, Senators and members of their staffs.

The NRLN organizations represented at the fly-in included Avaya Retirees Chapter, Detroit Edison Alliance of Retirees, DuPont Retirees Chapter, Engineering Retirees Society (Boeing), Lucent / Nokia Retirees Chapter, National Chrysler Retirement Organization, Pacific / Mountain West Region and Villages (FL) Chapter.



A View from Washington, DC A Perfect Storm to Accomplish Very Little

by Alyson Parker , NRLN Executive Director

I wish I was more optimistic, but we have a perfect trifecta of circumstances that make it hard to get anything thru the legislative process and to the President's desk. A hyper-partisan Congress, a Presidential election year and now the Coronavirus make it very difficult to build on the momentum we have built to get retiree legislation passed. That being said, we will continue to advocate for these issues the NRLN is pushing for:

Surprise Medical Bills – The NRLN is advocating for a reasonable solution between the doctors, hospitals and insurance companies that doesn't leave the patient holding the bag. There is agreement between Republicans and Democrats on the Hill that this needs to be done, but lobbyist for doctors and the insurers have muddied the waters by not agreeing to what a "reasonable rate" of reimbursement should be when a doctor or a hospital treats patients that are out of network.

Prescription Drug Prices – This is also a hot topic because this issue impacts everyone and, like surprise medical bills, can have a devastating impact on people's ability to make ends meet. There is a bipartisan bill S. 2543 approved by the Senate Committee on Finance and authored by Chairman Chuck Grassley (IA) and Ranking Member Ron Wyden (OR) and H.R. 3 passed in the House in December. Both of these bills do not implement two key components the NRLN believes is necessary to stem the out of control price increases on prescription drugs – competitive bidding and importation – but we do believe that either bill would be a step in the right direction. Congress needs to do its job and compromise to provide relief from sky-rocketing drug prices.

Recoupment – The NRLN has been meeting with key players on the Hill and with outside interest groups to limit the practice of recouping pension overpayments from the retiree. Currently, there is no limitation of when or how they recoup. Under the NRLN proposal being considered on the Hill, the legislation would clarify that a company does not have a fiduciary duty to recoup overpayments, but if it chooses to do so, it must be done within three years of the initial overpayment. Further, the company may not recoup more than 10% of the amount of the overpayment per year, and it may not recoup against a beneficiary of a participant.

Section 420 Transfers – The NRLN Sec. 420 legislative proposal would provide protection to retiree welfare benefits such as health care and life insurance. These benefits are not protected and the company can eliminate them at anytime. Currently, a company may only transfer funds from a pension plan for welfare benefits if the plan is funded above 125%. Our proposal would amend ERISA and IRC Sec. 420 to allow companies that are funded above 110% to transfer all funds above the 110% threshold for life and health insurance benefits for retirees.

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Annual Funding Notice – The NRLN legislative proposal would make the Annual Funding Notice (AFN) do what it was intended to do – inform the retiree in plain English how well their plan is funded. Our proposal makes common sense changes that move the pertinent information to the front of the AFN and puts the data in language that the retiree can understand.

The good news is that there is real interest on the Hill in finding solutions to surprise medical bills, prescription drugs and working on retirement issues. There are, however, only 79 days remaining in 2020 where both the House and Senate are in session. This is assuming also that congressional offices don't close due to the growing Coronavirus threat. But as Scarlet O'Hara would say – tomorrow is another day! We will be vigilant and opportunistic whenever openings to move our agenda occur.

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