



NRLN Focus



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***The NRLN Clarion Call...* Fighting Pharma's Power to Lower Drug Prices**

By Bill Kadereit, NRLN President



America's pharmaceutical industry has done a masterful job convincing many Americans and too many members of Congress that if their revenues are stymied by legislation to reduce drug prices it will result in less innovation. At the same time pharma is spending billions on business expense, tax-deductible advertising to increase its revenue and profits. While this is happening, Americans are paying much more for the medicines than anywhere in the world.

An article in the October 1 Harvard Business Review claims large pharmaceutical companies are nowhere near as important to real drug innovation as they purport to be.

According to the article, "Historically, many breakthrough products did originate with large pharmaceutical companies, but the innovation process in biomedicine has changed fundamentally. Truly innovative therapies — like the mRNA vaccines for Covid-19 that are saving untold number of American lives — now originate in small companies that are spinoffs of university research efforts mostly funded by the NIH [National Institutes of Health] and philanthropies. In 2018, such small firms accounted for nearly two-thirds of the brand new drugs patented in the United States and nearly three-quarters of drugs in the late stage of the development pipeline. The mRNA technology underlying the Moderna and Pfizer-BioNTech vaccines came out of NIH labs, the University of Pennsylvania, and MIT [Massachusetts Institute of Technology]."

The article noted, "To be sure, large pharmaceutical companies play a critical role in the end stage of drug development, funding and running essential clinical trials and navigating regulatory approvals. But they are no longer the dominant source of true innovation, and maintaining their enormous profits at current levels — which, at 15% to 20% of revenues, well exceed market standards — is no longer an efficient way to promote biomedical innovation. And it is worth remembering that Big Pharma spends its revenues on many less productive activities than clinical trials and regulatory approvals, including lobbying and political contributions (more than \$800 million in the 2016 to 2020 period) and marketing (tens of billions of dollars annually)."

According to a report the U.S. Government Accountability Office (GAO) sent to Congressional leaders in May 2021, drug manufacturers spent \$17.8 billion on direct-to-consumer advertising (DTCA) for 553 drugs from 2016 through 2018. Almost half of this spending was for three therapeutic categories of drugs that treat chronic medical conditions, such as arthritis, diabetes, and depression. The GAO also found that nearly all DTCA spending was on brand-name drugs, with about two-thirds concentrated on 39 drugs, about half of which entered the market from 2014 through 2017.

Medicare Parts B and D and beneficiaries spent \$560 billion on drugs from 2016 through 2018, \$324 billion of which was spent on advertised drugs.

Some consumer and healthcare provider organizations have stated that the increase in drug manufacturers' consumer advertising has likely contributed to the growth in prescription drug spending because of inappropriate drug use or unnecessary costs. In 2015, for example, the American Medical Association called for a ban on DTCA given concerns that it may inflate consumer demand for newer and more expensive brand drugs, even when such drugs may not be appropriate or there are less costly alternatives available, such as generics.

Through our Action Alerts that result in emailing thousands of letters to members of Congress and our lobbying on Capitol Hill we support bills to reduce the price of prescription drugs by gaining legislation to allow Medicare to do competitive bidding and allow importation of less expensive drugs that meet FDA safety standards. We support ending pay-for-delay and other brand name drug makers' tactics that keep generics off the market.



(Continued from page 1) ***The NRLN Clarion Call ... Fighting Pharma's Power to Lower Drug Prices***

On June 21 and July 19, we issued Action Alerts asking members to email the NRLN's letter to their Representative to urge him/her to pass **H.R. 3, Elijah E. Cummings Lower Drug Costs Now Act and encourage their Senators to pass S.833, Empowering Medicare Seniors to Negotiate Drug Prices Act of 2021.**

S. 833 would have the Secretary of Health and Human Services directly negotiate with drug companies for price discounts for the Medicare Prescription Drug Program. While the bill is not as comprehensive as H.R. 3, the NRLN supports it.

The July 19 Action Alert also advocated passage of:

H.R.2883 / S.1425, Stop STALLING Act, would reduce the incentives for branded pharmaceutical companies to file sham petitions with the FDA to interfere with the regulatory approval of generics and biosimilars that would compete with their own products, a tactic that delays patient access to more affordable medications.

S.1428, Preserve Access to Affordable Generics and Biosimilars Act, would limit anticompetitive "pay-for-delay deals" that prevent or delay the introduction of affordable follow-on versions of branded pharmaceuticals. Pay-for-delay is the practice in which drug companies use pay-off agreements to delay the introduction of cheaper substitutes.

An NRLN Action Alert was issued on April 6 requesting our members urge their U.S. Representative and Senators to pass **H.R. 832 / S. 259, Safe and Affordable Drugs from Canada Act of 2021.** The bill would require the FDA to set regulations within 180 days permitting Americans to import up to a 90-day supply of FDA approved prescription drugs for personal use from licensed Canadian pharmacies.

Those of you who send Action Alerts and other emails to Congress should know that while you may wonder why it takes so long for Congress to act, that you are at the core of what must happen in order to neutralize and oust the rotten apples in the barrel. PACs, SUPER PACs and TV advertising get party hacks and the wrong skills elected but then they don't watch for the consequences of their choices. You feel the consequences.

A majority of members of Congress are more concerned about their party, their next election and their personal view of the world than timely and balanced decision-making for our country. These types tear down our democratic system and never make good policies that can last for decades.

Thank you for taking the time to keep the heat on, for sending messages that let them know that you and other retirees vote in the states where they live.

Telco Retirees Association and Lucent/Nokia Retirees Chapter Have Long History with NRLN

By Monte Baggs, President, TelCo Retirees Association



Undoubtedly one of the biggest upheavals in corporate America history was the breakup on January 1, 1984, of the Bell System (aka the Bell Telephone Company under AT&T) that employed over one million people. At divestiture "Ma Bell" gave birth to a dozen "Baby Bells".

It was then that Pacific Telesis Group was created with the Pacific Bell Telephone Company and the Nevada Bell Telephone Company. A couple of decades following the formation of the two companies, retirees of these two firms formed the TelCo Retirees Association (in 2004). I'm serving as Telco's 3rd president, following founding president S. K. Emery and Chuck Gilbert.

In 1997, Pacific Telesis Group was acquired by SBC Communications (formerly Southwestern Bell).

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By Joe Sculli, President, Lucent/Nokia Retirees Chapter



Although AT&T spun off telephone companies when the Bell System was broken up on January 1, 1984, it retained its Western Electric telecommunications manufacturing division and Bell Laboratories. Western Electric became AT&T Network Systems and in 1996 was spun off as Lucent Technologies. Network Systems was a division of AT&T, as was Computer Systems and a few others. Western Electric became divisions of AT&T.

The Lucent Retirees Organization (LRO) was formed in January 2003 and soon joined the National Retirees Legislative Network (NRLN). Bill Kadereit was an LRO Board member and was designated to serve as the LRO's representative on the NRLN Board. Little did Bill realize at the time his appointment would lead to becoming the NRLN

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(Continued from page 2) **TelCo Retirees Association**

Although the Pacific Telesis corporate name disappeared fairly quickly, SBC continued to operate Pacific Bell and Nevada Bell as the local telephone companies. In 1999 SBC acquired Ameritech Corp. and in 2005 SBC pulled off the takeover of AT&T Corp, creating the new AT&T.

SBC expanded aggressively and TelCo members became apprehensive about the security of their retirement benefits, especially healthcare and life insurance, which are not protected by ERISA or the PBGC. During its first year of formation in 2004 TelCo recognized the benefits of affiliating with the National Retiree Legislative Network. The NRLN, formed in 2002, had a bill in Congress prohibiting post-retirement cutback in promised healthcare benefits.

Over the years TelCo members have strongly supported the NRLN's work in Washington, D.C. to protect Social Security, Medicare and pensions. NRLN's efforts to reduce the price of prescription drugs is important to our membership.

On August 3, 2018, the Wall Street Journal published an article that AT&T had hired a collection agency to recover pension overpayments that were the result of errors by the AT&T pension plan. The negative publicity caused AT&T to be more cooperative with retirees in working out payback arrangements.

This event and around the same time Chrysler retirees receiving letters on errors in pension calculations, caused the NRLN to work on a legislative proposal to limit retirees' exposure to pension recoupment. That proposal is currently in House and Senate bills on retirement security. It clarifies that a pension plan fiduciary is not obligated to recoup overpayments, but if it does, it must be done within three years of the initial overpayment. (Now there is no limit to back years.) The company may not recoup more than 10% of the amount of the overpayment per year, and it may no longer recoup against a beneficiary of a participant.

While Telco partners with the NRLN on issues in Washington, we use our voice with the management of AT&T on retirement benefits in an effort to discourage further reductions. Such was the case earlier this year when AT&T announced that effective January 1, 2022, retirees' life insurance benefit would be reduced from the equivalent of one year's pay to \$15,000 for management retirees and \$25,000 for bargained-for-retirees. We protested this action but the companies' "reservation of rights" (ROR) clause in its benefits documents apparently

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President in January 2008 when Jim Norby, founding NRLN President retired.

Lucent announced that it would eliminate the death benefit effective February 1, 2003. The death benefit (one year's salary for a qualified survivor) had been instituted in 1913. There were 31,000 current and retired management employees affected by this decision. The LRO led a protest against the decision, including criticizing Lucent executives in press releases as having "lost their moral compass." Courts ruled in lawsuits filed by Lucent retirees, independent of the LRO, that Lucent could legally eliminate the death benefit.

The LRO continued to advocate issues with the Lucent Board by filing proxy statements presented to Lucent Shareowners. Lucent agreed to one proxy issue prior to an annual shareowners meeting, and two other proxy statements received a majority of voting shareowner ballots, but it was not mandatory for Lucent to implement them because the proxies did not receive votes from a majority of all shareowners.

With Lucent struggling with profitability it merged with Alcatel, a French company, on November 30, 2006. Ten years later, on November 3, 2016, Alcatel-Lucent was acquired by Finland's Nokia.

In 2020 the LRO was dissolved and the NRLN formed the Lucent/Nokia Retirees Chapter.

During the transitions from company to company, LRO leaders and now Chapter leaders have maintained a working relationship with the companies' human resources department which has remained in New Jersey. Fortunately, under Nokia, retirees continue to have a well-funded pension plan, access to healthcare insurance and life insurance.

The NRLN, the LRO (now the Lucent/Nokia Retirees Chapter) and Nokia management have worked together to get their proposal into a Senate retirement security bill that would allow pension plan sponsors with a plan funded at over 110% to use surplus to fund retirees' healthcare and life insurance benefits.

Given the experience our retirees have had with the changes in ownership of their former employer we support the NRLN's legislative proposal to protect retirees in cooperate Mergers, Acquisitions and Spinoffs. The NRLN has informed Congressional leaders that as more and more previously USA companies are owned by foreign firms there is a need for legislation to strengthen protections for America's retirees.

The NRLN is concerned about the lack of the Pension Benefit Guaranty Corporation's ability to deter pension plan terminations or recover assets from foreign-owned or foreign-based pension plan

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(Continued from page 3) **TelCo Retirees Association**

puts the law on the side of the corporation.

However, TelCo Board members, Ted Mazzella and Carole Hansen, found AT&T documents from the 1980s prior to the “reservation of rights” clause being in benefit statements. This resulted in forcing AT&T to agree that employees who retired prior to 1990 would be grandfathered for the full amount of their life insurance benefit. We continue to pursue all avenues available to us to protect our members’ benefits.

A few years ago, TelCo expanded its eligibility for membership to include active (pre-retirement) employees and retirees of SBC, AT&T and any other former Bell System company. We believe the more we can grow our membership the stronger voice we will have with AT&T, and we will be better able to support the NRLN’s legislative agenda.

(Continued from page 3) **Lucent/Nokia Retirees Chapter**

sponsors and fiduciaries. The PBGC has had great difficulty persuading foreign courts to attach or enforce a lien against the assets of a plan sponsor outside the territorial jurisdiction of the U.S. The NRLN is lobbying for six legislative changes, regulatory reform and stepped-up enforcement. These points are covered in the NRLN’s whitepaper on Mergers, Acquisitions and Spinoffs posted at www.nrln.org.

Of course, the members of the Lucent/Nokia Retirees Chapter also support the NRLN legislative issues that all NRLN Association and Chapters endorse, protection of retirement income, Social Security, Medicare and the need to reduce the cost of prescription drugs. We want to see the NRLN’s proposals gain traction in Congress including a low out-of-pocket cap to original Medicare. With this additional benefit, original Medicare would be on a more level playing field with Medicare Advantage plans which are required to have an out-of-pocket

NRLN Board and Executive Director Have Wide Range of Experience

The NRLN’s Officers and the NRLN Executive Director have a wide range of experience that they bring to the leadership of the NRLN. A brief profile of each person follows. Profiles on other Board of Directors members will be published in the next issue of FOCUS.



Bill Kadereit is the President of the National Retiree Legislative Network (NRLN)

having served since January 2008. He is a member of the NRLN’s Executive Committee and Chairman and President of the American Retirees Education Foundation, the research and education arm of the NRLN. A former director of the Lucent Retirees Organization, he retired from AT&T Network Systems (now Nokia) as VP and General Manager in 1995 with 35 years of service. He subsequently served as a Senior Vice President of a large U.S. corporation and as President and CEO of three technology-based startup businesses. He is a graduate of the University of Nebraska, the Stanford University Graduate School of

Business, as an Alfred P. Sloan Fellow and attended the Brookings Institute Fellow for Government and International Business and Aspen Institute programs. He has served on the boards of a bank, hospital and a university advisory board. Kadereit’s home is in Heath, TX.



Janet Seefried is the NRLN Vice President – Secretary-Treasurer and serves in a similar

role for the American Retirees Education Foundation, the research and education arm of the NRLN. She is President, Detroit Edison Alliance of Retirees. She is also the Principal Consultant of Seefried & Associates, a Performance Management consulting firm specializing in the design of corporate strategy implementation tools and processes, decision support processes and project management. Prior to establishing her own consulting practice, Seefried was Director of Cost Management at DTE Energy in Detroit.

Seefried, who lives in Warren, MI, holds an M.B.A with a concentration in finance and economics from the University of Detroit. She received her B.S. in natural science and nutrition from Marygrove College. In 2010, she completed a State Bar of Michigan Administrative Office program qualifying her as a General/Civil case mediator and Arbitrator for energy related businesses.



(Continued from page 4) **NRLN Board and Executive Director Have Wide Range of Experience**



Judy Stenberg serves the NRLN as the Vice President – Legislative Affairs, Chair of the Legislative Affairs Committee and a member of the Legislative Action Planning Committee. She is also Vice President – Pacific Northwest Region. Stenberg, who lives in Washington state, was President of the former Oregon/Washington Pension Equity Council that was affiliated with the Association of US WEST Retirees and the NRLN. PEC was founded in 1995 and Stenberg became President in 2004 capacity until the organization dissolved on December 31, 2013. Stenberg retired from U S WEST/Qwest (Now CenturyLink/Lumen) after 30 years of service. At retirement she was an Information Technology Project Manager. She holds a BS Degree in Pre-law and has a Graduate Certificate from Willamette Law School in Alternative Dispute Resolution and numerous other certificates. In the community Stenberg has held numerous officer positions over the years. Currently she services on the King County Transit Advisory Commission, teaches Citizenship classes, and holds the Office of President for an HOA. Stenberg lives in Bellevue, WA.



Bob Martina is the NRLN Vice President – Grassroots and serves in a similar role for the American Retirees Education Foundation and the Lucent/Nokia Retirees Chapter. He began his career with Western Electric (now Nokia) in 1957 as a test director for the Air Forces Air Defense System (SAGE). He had tours of duty at Bell Labs in Whippany, NJ, White Sands, NM, Huntsville, AL, on Anti-Ballistic Systems, and Corporate Finance and personnel management at the corporate headquarters in New York and then on the manufacturing staff in Newark, NJ. Prior to his retirement in 1996, he was an engineering manager at the Shreveport (LA) Works where residence and business telephones and some key systems were manufactured. After retirement from Lucent, he was a research director for a small research company which developed development and manufacturing processes for the Army Munitions Command. His home is in Shreveport. He holds a Bachelor's degree from Fairleigh Dickinson University in Engineering/Industrial Management and an Master's degree from Stevens Institute of Technology in Management Science/Operations Research.



Vern Larson is the NRLN Vice President – Membership Development and President, Avaya Retirees Chapter. He began his career with Western Electric. Following the breakup of the Bell System, he worked for AT&T, the spin-off of Lucent Technologies (now Nokia) and the spin-off of Avaya Communications and later CommScope. Inc. At various times with AT&T and Lucent he had engineering and sales assignments for telecommunications and data center products and services. One of his duties with Avaya Labs was to explore global new copper and fiber revenue opportunities. He provided pre-sale and post-sale Technical Future Presentations at global road shows in Australia, Canada, China, Europe, Japan, Korea, South America, United Arab Emirates, and the U.S. He is a graduate of Bellevue University with a BS degree in Business Administration. He is a U.S. Marines Corps veteran and lives in Omaha, NE.



Dana Oliver is the NRLN Vice President – Regulatory Affairs. She has been licensed to practice law since 1979. Prior to joining Chrysler, she taught at Wayne State University Law School and Wayne State University School of Business Administration. She earned her MBA in 1993. Dana retired from Chrysler Corporation as Vice President and Director of Chrysler Realty Corporation. She also volunteers as General Counsel for the National Chrysler Retirement Organization. Dana strongly believes in the power of volunteer activism and the NRLN's efforts to guarantee a secure retirement for its members.



(Continued from page 5) **NRLN Board and Executive Director Have Wide Range of Experience**



Joe Sciulli is the NRLN Vice President – Social Media and President, Lucent/Nokia Retirees Chapter. He began his career with Western Electric in 1957 in the Defense Activities Division, which served as the prime contractor for the SAGE Air Defense System. He had responsibility for installation and system testing of the system nationwide. He was an instructor of employees before being assigned to field positions in Maine, North Dakota, and California. He worked in computer and information technology assignments in Kansas City and Newark, NJ. In 1974 he moved to the Chicago area where he was responsible for the startup of the Niles, MI, Materials Management Center and nationwide planning for Western Electric's installation force. In 1977, he became Director of Operations for the Central Region, and in 1979 moved to Denver, where he was Director of Manufacturing. In 1982, he became Executive Vice President of the Teletype Corporation in Skokie, IL. When the corporate structure changed in 1985, he went to New Jersey as Operations Vice President for AT&T's computer business. He has a BS degree in Electrical Engineering from the University of Pennsylvania and attended the Sloan School at Massachusetts Institute of Technology. He lives in Elgin, IL.



Ed Beltram has served as NRLN Vice President – Communications since 2008. He serves a similar role for the American Retirees Education Foundation, the research and education arm of the NRLN, and the Lucent/Nokia Retirees Chapter. He retired from Lucent Technologies (now Nokia) in 2001 with 31 years of service. For 28 years, he was the communications and human resources manager at the company's telecom equipment manufacturing plant in Oklahoma City. The last three years were in Denver where he had communications responsibility for the company's sales teams in the western half of the country. Prior to his career with Lucent, Beltram, who lives in Woodland Park, CO, served as a metropolitan newspaper reporter and a public information officer for a state of Oklahoma education department. He holds a Bachelor's degree in journalism from the University of Oklahoma and a Master's in mass communications from Oklahoma State University.



Alyson Parker became the NRLN Executive Director on April 15, 2016. Alyson has an undergraduate degree in business from Florida State University and a law degree from Stetson University College of Law. She has experience valuable to the NRLN having served as a staff member for a former Florida U.S. Representative where she was responsible for the Congressman's duties for committees, including the Committee on Ways and Means, the Committee on the Judiciary. She drafted legislation and amendments for committee and floor consideration; prepared legal analyses of laws; tracked legislation through House/Senate conference committees, and prepared testimony, press releases, floor statements and speeches. Following her two-year tour on the Congressman's staff she worked for seven years in government affairs for two associations in the communications industry and the National Aeronautics and Space Agency. During the eight years prior to joining the NRLN, she has served as legal counsel and chief financial officer for Defense Acquisitions Solutions. She handled legal aspects for the defense consulting firm, including drafting and amending legal documents and government filings and advising on legislative issues affecting clients.



A View from Washington, DC

Delay, Delay, Delay

By Alyson Parker, NRLN Executive Director

I truly thought that this year would be the year that a bill would pass addressing prescription drug prices. After all, there is agreement between Republicans and Democrats that something needs to be done to help not only seniors, but the chronically ill who rely in prescriptions to keep them moving and working. Additionally, there is a clear public mandate from the public to address the high cost of prescription drugs. Further, the Democrats control Congress and the White House so it seemed like if it was ever going to pass, this would be the year.

Different approaches have been proposed to address the high cost of prescriptions from speeding up generics, prohibiting pharmaceutical companies from paying makers of generic pharmaceuticals to delay entry of their competing drug, allowing importation and limiting out of pocket spending on prescription drugs. The NRLN has endorsed many of these. Currently, the NRLN supports **H.R. 3, Elijah E. Cummings Lower Drug Costs Now Act.**

This bill:

- Eliminates the “non-interference” clause and empower Medicare to negotiate better prices for 125 drugs that account for the greatest national spending or the 125 drugs that account for the greatest spending under the Medicare prescription drug benefit and Medicare Advantage.
- Makes the lower drug prices negotiated by Medicare available to Americans with private insurance, not just Medicare beneficiaries.
- Limits the maximum price for any negotiated drug to be no more than 120 percent of the average price in countries with similar economies to the U.S., where drug companies charge less for the same drugs – and admit they still make a profit.
- Cap seniors’ out-of-pocket costs for prescription drugs at \$2,000 per year.

Certain aspects of this legislation have been included in the infrastructure bill such as allowing the Secretary of the HHS to negotiate prescription drug prices for Medicare.

But, with the infrastructure bill tied to the reconciliation bill, it is unclear when and if they may pass. Since returning from the summer recess, passing these two bills has been the sole focus of the Democrats in the House and Senate. We all know how that is going... Thus, I don’t expect many other issues the NRLN cares about will be addressed between now and the end of the year.

The following issues, though, are still a priority for the NRLN and we will continue to push these issues forward whether this year or next.

Recoupment of Pension Payments - Currently, companies can recoup overpayments from the retiree when they discover them. NRLN’s legislative proposal, which limits how much and when companies can recoup, is currently in two pieces of legislation – **S. 1770, Retirement Security and Savings** and **H.R. 2954, Securing a Strong Retirement Act.**

Protection of healthcare and life insurance benefits – NRLN’s legislative proposal was included in S. 1770. The provision in the bill would promote the funding of healthcare and life

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

insurance benefits for retirees with single employer defined benefit pensions by amending the Employee Retirement Income Security Act (ERISA) and Internal Revenue Code (IRC) Section 420 to set the surplus transfer limit at 110%. Use of pension funding surplus for retirement benefits would not exceed 1.75% of plan assets for a single or multi-year transfer.

I also expect that the **Social Security 2100 Act** will be reintroduced. The NRLN supports this proposal which expands benefits for all current and future Social Security recipients, cuts taxes for over 10 million seniors and ensures the system remains solvent for the rest of the century.

We are also working to have NRLN proposed language to simplify the Annual Funding Notice including in a retirement bill. Our proposal simplifies how the information is reported so you would be able to very quickly determine the funding status of your plan.

NRLN MEMBERSHIP CONTRIBUTION

FOCUS

The NRLN is a nonprofit organization. Because we lobby, contributions are not tax deductible.

NAME: _____ **AMOUNT OF CHECK** _____

ADDRESS: _____ **CITY:** _____ **STATE:** _____ **ZIP:** _____ **ZIP+4:** _____

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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. Click on the red flashing "Support NRLN's Work" icon and use the credit card form.