



NRLN Focus



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***The NRLN Clarion Call...*ACO REACH IS COMING JANUARY 2023 – WHAT IS IT?**

By Bill Kadereit, NRLN President



The NRLN has repeatedly opposed the subsidization of Medicare Advantage (MA) plans for the purpose of privatizing Medicare. See the latest NRLN position paper at www.nrln.org. This article may surprise and or confuse you but whether you are in original Medicare or a MA plan you should study it. We are preparing a video that will explain details and will address how you might be affected. When it is ready, we will post it at www.nrln.org, Facebook and YouTube.

NRLN does not oppose MA competition with Medicare but after 35 years and \$450 billion of subsidies paid to insurance companies, expected to exceed \$57 billion in 2022, all we get back is red ink and closed networks. Moreover, it is unfair that in 2022 alone, Congress will cheat 35.0 million older beneficiaries in original Medicare Fee for Service (FFS) out of the \$1,980 in extra benefits and premium, co-pay and coinsurance subsidies that only the 30.0 million retirees in MA plans get.

In 2010, the Affordable Care Act (ACA) authorized a healthcare innovation fund that enabled introduction of Accountable Care Organizations (ACOs) beginning in 2012. The idea was sound, ACOs were to form groups of doctors that could slow down the rising cost of healthcare and improve the quality and availability of care for enrollees in original FFS Medicare.

The ACO model excluded go-between, insurance companies. However, in 2016 the ACO Next Gen plan was introduced, and its payment policies were influenced by industry providers and hired consultants. Then (from 2019 – 2021) came Direct Contracting Entities (DCEs). There was DCE Geo (for Geographic), then DCE Professional, then DCE Global, then DCE Global and Professional (aka GPDC). ACOs and DCEs both serve original Medicare enrollees only.

In February of 2022, it was announced that a four-year “trial” of ACO Realizing Equity, Access, and Community Health (ACO REACH) would be conducted beginning January 1, 2023 - the ninth (9th) private version of Medicare. This version of privatization will be 25% controlled by non-provider investors, is a work in progress, NOT ready for a trial. It is a mixture of eight partial boxes of “tinker toys” all dumped into one box. A mixture of two standard and two specialty plan groups, with four specific plan types within these groups.

You may have already been or will be assigned to or may volunteer for a Global, Professional, New Entrant or High Needs type plan and in a sub-plan based of two different healthcare service offerings, Total Care or Primary Care. Also, there will be a mixture of FFS and capitation payment models and insurance companies will participate in ACO REACH.

ACO benchmark adjustment subsidies: a risk adjustment discount (capped at 3%), a “quality withhold” credit worth up to 2%, and a “Health Equity Benchmark Adjustment” of up to \$30 per enrollee – totaling to a 5% benchmark value plus the \$30 per enrollee. The Center for Medicare and Medicaid Services (CMS) will announce benchmark setting rules!

ACO expenditure subsidies: ACOs that choose to be Standard Professional plans and accept capitation payments for primary care only services receive a downward expense Base adjustment of 4% plus a 3% Enhancement, which can fund a business expansion. This 7% is a percent of benchmark dollars which could be even higher than total expenses.

Using a fall season football analogy, benchmark subsidies move the goal post up 5 yards (-5% of benchmark) and spot the ball 7 yards (-7% of expenditures) closer to the new goal post, before the field goal kick; a 12% net subsidy! Making the kick generates gross savings (Benchmark – Expenditure). ACOs net or retained savings

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can be up to 100% of total savings if the payout is lower than 25% of the total benchmark value! Medicare gets none of the net savings in this case. If higher than benchmark value, losses are born by ACOs but they can buy taxpayer backed reinsurance to hedge against losses.

Congress approved the 2023-26 “trial” but is ignorant of the facts above and has taken a dangerous wait and see position. The National Association of ACOs claim ACOs save Medicare money but there is no published record of it. NRLN obtained a copy of the CMS 2018 ACO Next Gen financials covering all 50 ACOs (1.4 million assignees) shows that with benchmark and expenditure reductions, and retained savings included, these ACOs had net expenses of \$16.5 billion and that expenditures/enrollee were 112.1% of the expenditures per enrollee of all of Medicare in 2021! We have compiled other data to simulate how ACO REACH largest models might compare. Preliminary results show they would flunk also!

MA subsidies enrich insurance companies and MA enrollees (cost-sharing and extra benefits). ACOs and soon ACO REACH subsidies enrich businesses, doctor practices, hospitals, drug manufacturers and durable medical equipment makers. The losers in this privatization scheme are the 35.0 million enrollees in original Medicare who receive \$0 and whose healthcare cost will double every 10 years, and unknowing taxpayers who bankroll these schemes.

The NRLN will continue its research into ACO REACH and voice our concerns to CMS and members of Congress.



By Janet Seefried, President, Detroit Edison Alliance of Retirees (DEAR) & NRLN/AREF Vice President – Secretary/Treasurer

The Detroit Edison Alliance of Retirees was organized in 2002 for retirees from the company now known as DTE Energy. DEAR joined the NRLN in 2004 and DEAR President, Robert Foresta, became a member of the

NRLN Board and Chairman of the Committee on Social Security and Medicare. In 2008, he became NRLN Vice President – Legislative Affairs. Also in 2008, Bob Tompkins, who preceded me as DEAR President, became NRLN Vice President – Secretary/Treasurer. After Bob’s retirement in 2018, I became DEAR President. In 2019, I replaced Bob as the NRLN/AREF Vice President – Secretary/Treasurer.

DEAR’s mission is:

Protect and enhance retirement benefits by continually reviewing:

1. the impact of inflation and resulting loss of purchasing power of all; beneficiaries of DTE Energy retirement plans/programs-including pensions and health care
2. legislative and regulatory proposals that maintain, improve or may threaten retirement benefits;
3. opportunities to support, where appropriate, activities that improve the success of the DTE Energy corporate enterprise.

DEAR has a history of holding annual meetings with its members. However, we cancelled annual meetings in 2020 and 2021 due to the COVID pandemic and Board meetings were via Zoom conferencing. We resumed our annual meeting in person on May 18, 2022.

Like most other NRLN Associations, DEAR works to keep a channel of communications open with DTE Energy’s personnel. This enables DEAR to help our members understand DTE Energy’s policies related to retirees. Many DEAR members are active with DTE Alumni Network that provides them opportunities for volunteer service in the Detroit

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By Jim Bodenner, President, NRLN Villages Chapter

NRLN’s Villages Chapter is the only chapter not affiliated with retirees from a specific company. The Villages, in Sumter County Florida, has a population of more than 130,000 and people in our community have retired from thousands of companies.

The genesis for the formation of the chapter followed residents’ concerns over an announcement by a medical facility in The Villages that it would no longer serve patients with original Medicare and would only accept patients with Medicare Advantage plans offered through United Health Care. NRLN President Bill Kadereit came to The Villages to hold three organizational meetings on September 7, 2016. Bill Yelverton was the first chapter president.

The mission of the Villages Chapter is to identify, develop, and rally support for federal legislation and/or regulation that assures equitable treatment of current and future retirees. The chapter works with the NRLN to protect earned employer-sponsored pensions and benefit plans and Medicare and Social Security. We lobby for the interests of the thousands of men and women who live in The Villages on common issues.

The NRLN advocacy methods are based upon factual information that is analyzed and then turned into proposals. We lobby members of Congress to pass new or amended statutes or we may seek regulatory action from federal agencies.

I gained a great deal of insight into lobbying members of Congress when I attended the NRLN’s fly-in to Washington, DC in February 2020. This meeting was the last NRLN fly-in before COVID interrupted NRLN’s semi-annual conferences on Capitol Hill, but plans are to resume the fly-ins next year. During the fly-in, I had meetings with legislative assistants for Florida Senators Marco Rubio

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metropolitan area. The program helps keep the volunteer's bodies and minds active and healthy.

DEAR members are very involved in responding to NRLN Action Alerts. We always have participants at NRLN fly-ins to Washington, DC to advocate the NRLN's legislative issues with members of the Michigan Congressional Delegation. Usually, we team up with leaders of the National Chrysler Retirement Organization (NCRO) for meetings with Michigan Senators Gary Peters and Debbie Stabenow. When both DEAR and NCRO fly-in attendees live in the same Michigan Congressional District we join forces for meetings with Representatives and/or their staff members. There is strength in numbers.

For the balance of this article, I want to write about my role as NRLN/AREF Vice President – Secretary/Treasurer. Experiences in my professional career are useful to me in working with the NRLN and AREF. Those included DTE Energy's Director of Cost Management and Principal Consultant in my firm that provided guidance in Financial Performance Management.

Administering the processes to receive and deposit contributions/donations from the thousands who support the NRLN and AREF is a task that makes it possible for the two organizations to exist and carry on their work. More than 80% of the NRLN's annual operating budget comes from individuals and a little less than 20% is provided by dues from NRLN associations. AREF solely relies on individuals for its budget to fund NRLN white papers used to educate the public and members of Congress on issues important to retirees.

Keeping up-to-date records for U.S. Mail lists is vital to being able to thank our supporters and to be able to appeal to them for future contributions/donations. I interface with our bank to provide the checks to the NRLN's professional staff and pay the bills for our website, printing and mailing services. It is necessary that I stay up to date on providing documents that the IRS requires non-profit organizations to submit.

When individuals send a check or use their credit card or PayPal to contribute/donate, they can be assured that the NRLN and AREF will apply the money toward making a difference for retirees.

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and Rick Scott plus Representative Daniel Webster whose district includes The Villages.

I expressed to the legislative assistants the NRLN's concern that Medicare is using taxpayer subsidies to private insurance companies for Medicare Advantage plans as a move toward the privatization of Medicare. The subsidies create a false image that Medicare Advantage plans have been or can be successful at reducing costs or increasing beneficiaries' longevity. I advocated that Congress should remove the prohibition on Medicare negotiating drug prices. (This happened in legislation that was enacted in August.)

I urged the legislative assistants to ask their Senator and Representative to consider the NRLN's proposals to protect retirees when their former employers engage in mergers, acquisitions, and spinoffs and when pension "de-risking" actions are taken by a plan sponsor to purchase an insurance annuity to replace pensions.

On the chapter's webpage (<https://nrln.org/nrln-villages-chapter/>) under the tab titled "See What They Co-Sponsor", there is a report that shows whether Senators Rubio and Scott and Representative Webster are co-sponsors of bills that the NRLN supports or opposes.

The chapter has created a Speakers' Bureau which offers slide presentations to the numerous clubs in The Villages. Subjects include Alzheimer's, Medicare Enrollment, Medicare Privatization and Medicare Advantage Subsidies. Details are in the Speakers' Bureau tab on the chapter's webpage at: <https://nrln.org/nrln-villages-chapter/>.

The COVID pandemic interrupted the chapter's quarterly meetings that were held at one of The Villages recreation centers, but we hope to resume these regular meetings soon. Please contact me if you have any questions: presvillageschapter@nrln.org.



A View from Washington, DC

Committees Reconciling 3 Bills with NRLN Proposals

By Alyson Parker, NRLN Executive Director

It is that time of year again, when Congress is busy trying to avoid a government shutdown and posturing as to which party will control the House and the Senate next year. As I write this, Congress has nine days to agree on a CR (Continuing Resolution) funding all of the federal government while it figures out how to fund the government for 2023. The NRLN is watching this closely as there are many issues that impact our members that were to be voted on this year.

As I wrote about in the summer in the Focus newsletter, the NRLN has three different provisions (Recoupment, Section 420 Transfers and updates to the Annual Finding Notice) in the various retirement bills that passed out of the Senate Finance and Senate Help Committees and the Ways and Means this past summer. Committee staff of all three committees are currently meeting reconciling the provisions of the three different bills – Enhancing American Retirement Now (EARN), The Rise and Shine Act and the Securing a Strong Retirement Act.

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We expect the final version of the retirement bill will not be considered until after the elections in November during the lame duck session. We are in touch with committee staff and are working to ensure that these provisions stay intact and make it into the final bill. The good news is that all of these bills are bi-partisan so they should not be impacted by election results.

There are two other issues that we are working on for action this fall – Health Care Tax Credit (HCTC) and the Susan Muffley Act. The HCTC provides a tax credit to help fund 72.5% of the cost of health insurance to retirees whose pension plans were taken over by the PBGC and are not yet eligible for Medicare. This provision expired on December 31st, 2021. Bills have been introduced in both the House and Senate to extend the tax credit or make it permanent, but they have not passed. The NRLN is working to have this provision included in one of the bills that we expect to pass at the end of the year such as an omnibus spending bill. We are in touch with various congressional offices that are working to get it attached to a bill that is expected to pass by the end of the year.

The NRLN is working with other advocacy groups to have the Susan Muffley Act, HR 6929 and S. 3766, which would restore the pensions of Delphi salaried retirees, passed this fall. As many of you know, during the GM bankruptcy thirteen years ago, the PBGC terminated Delphi's union and salaried employee's pension plans, but then added funds to the union represented retirees, but not the salaried retirees - effectively picking winners and losers out of this sad situation. This bill will not cost taxpayers any money because it would restore the pensions of the salaried retirees by moving up the date of premium payments to the PBGC for single employer plans. We are advocating for this to be included in one of the moving packages this fall.

As we look forward to 2023, we plan to advocate on the de-risking issue. Just this month, IBM purchased annuity contracts to transfer a total of \$16 billion in U.S. defined benefit plan liabilities. This was the most significant buyout in the last decade and the second largest in history.

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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 "**Click on the Contribute**" tab and use the credit card form.