



# NRLN Focus



Volume 21, Issue 2

Summer 2024

## ***The NRLN Clarion Call... Medicare Costs and Medicare Enrollment***

By Bill Kadereit, NRLN President



In 2010 Congress amended the Affordable Care Act (Obamacare) to legalize rebates that the Health and Human Services (HHS) Office of Inspector General (OIG) in 2008-09 called “Wrong and Improper Payments” (including overhead and profit) equal to 16% of payments made by CMS to insurance companies. In 2010, Congress legalized wrong and improper payments when they replaced them with an unprofessional scheme called the Medicare Shared Savings Program (MSSP) that allows sharing phony saving claims. In 2024 Medicare Advantage (MA) insurance companies will receive over \$80 billion in rebates, overpayments and overhead plus profit.

In 2018 Congress funded chronic illness benefits for MA plan beneficiaries only, tantamount to an admission that without federal subsidies MA plans simply could not compete with traditional Medicare Fee-for-Service (FFS). Today, rebates account for over 17% of what CMS pays healthcare insurance companies for MA plans.

While the cost of healthcare overall is increasing rapidly, private plan (e.g. MA) costs per enrollee will rise higher than traditional Medicare FFS cost per enrollee. MA plan enrollees who were healthier at age 65 in 2010 than they are now at age 79 are incurring higher healthcare costs related to chronic diseases. While FFS costs will rise, also the 2019 Medicare Trustees report warned that this shift in the average age of MA enrollees will result in a ballooning of premiums, deductibles and out-of-pocket costs. More insurer subsidies cannot be justified, so enrollees may bear the burden. This cost shifting to retirees complicates healthcare plan shopping.

If you are in a Medicare supplement (Medigap) plan now or have been in a MA plan more than a year and believe you could meet Medigap policy insurability requirements or if you want to switch Medigap plans for a lower premium you should price shop now, before the October – December Annual Enrollment Period. If you will enroll for the first time, you also should shop before you chose, and this shopping, in all cases, should be done **BEFORE YOU CALL AN INSURANCE AGENT!**

The NRLN has recently concluded survey case studies using a sampling of 17,000 members of the Tennessee Valley Authority (TVA) Chapter, 98,000 members of our IBM/Kyndryl Chapter and over 90,000 AT&T retirees from two Associations. In all three cases, their companies discontinued retiree Medicare supplementary coverage. In the TVA case, retirees were properly notified but a Private Medicare Exchange (PME) agent sold retirees Medigap replacement policies at premiums 30 to 35% higher than were available in the same market. Agents often sell policies that pay the highest commissions.

The IBM and AT&T case studies are not complete, but we have learned that in each case, retirees were denied proper notification and Guarantee Issue Rights (GIR) that would have allowed them to save 30-35% in premium cost also. The point I’m trying to make is, when and if you can shop for health insurance, do it!

Our first shopping step is to exam our family tree for hereditary health and longevity risks, and then inventory our self-induced lifestyle risks that might affect our coverage selection and whether we would qualify for Medigap coverage.

Next read about Medigap and start with Plan G, the best but most expensive Medigap protection. There are 10 Medigap plans, each covers basic A & B benefits and various added coverages - the annual deductible is always the same everywhere, but premiums vary by State and Zip Code and sometime by cities within Zip Codes. See Section 5 in your 2024 Medicare and You Handbook for details. If you don't have this book, get a copy or read it online at Medicare.gov

Next find Medigap plan G (G in this example) premium prices online. At the Medicare.gov, using Plan Finder, 1) you will be asked to enter your Zip Code, sex and age and whether a tobacco user, 2) a list of all plan types appears, 3) Select a plan type (like G) and click Plan Details, 4) up pops a list of all type G plans

*(Continued on page 2)*



(Continued from page 1) **The NRLN Clarion Call ... Medicare Costs and Medicare Enrollment**

by insurer, then sort the list of plans by premium from low to high. To watch a step-by-step video presentation of this process, go to the President's Forum Archives at <https://nrln.org/Blog/presidents-forum/> and scroll down to view NRLN's Video on Accessing Medigap Plan Prices.

Now the tough part! Multiply a \$150 estimate monthly premium for a Medigap G plan plus \$30 a month for a Plan D Drug premium (included in 75% of MA plans) for a total of \$180 per month or \$2,160 for annual premiums. The 2023 Medigap G plan requires payment of the Plan B deductible of \$226. The total out-of-pocket including a \$226 deductible would be \$2,386. Premium and deductible costs may change each year.

If you select an MA plan with an out-of-pocket max (OOP) of \$3,800 you may have to pay up to that amount annually plus any annual increases in OOP limits or premiums. However, if you are age 65 or even 75 and run 5 miles a day, have good genes and expect to live a long time, you might think you won't spend more than \$1,000 on healthcare annually, so why pay \$2,386.

After 12 months in a MA plan, you may not qualify medically to buy a Medigap plan. If that happens and then you become chronically ill or worse, you may pay \$3,800 plus inflation every year and not get needed care.

You must also be aware of MA plan benefit approval delays and denials, choices of access to specialists and clinics and other HMO and PPO plan specifics. MA HMO and PPO company plan terms can be very different because they are negotiated.

Making your selection is like placing a personal bet, like all insurance is. Get a head start, you will be better informed and more comfortable with your choice.



By Larry Hice, President, General Motors Retirees Chapter

By March 2009, GM had received billions of dollars in federal government loans and news stories were asking what would happen if GM went bankrupt. That month NRLN helped with the formation of the General Motors Retirees Association.

John Christie was the founding President of GMRA and its website was launched on March 20, 2009. John was elected to the NRLN Board of Directors on January 1, 2010.

Among the bullet points in the first GMRA message emailed to members of GM retirees' clubs were:

- When decisions made by GM are going to impact our lives, retirees need to have the ability to get our concerns voiced with GM executives and, when necessary, with Congress and the news media.
- GM has taken billions from our pension plan. It used \$2.3 billion for buyouts for UAW members. Spent \$600 million on salaried retirement incentives and another \$2.3 billion for Delphi's hourly pension plan.
- Medicare-eligible salaried retirees and surviving spouses have lost their GM-sponsored medical, dental, vision, hearing aid, prescription drug, extended care and catastrophic coverage benefits. In lieu of health care salaried retirees and surviving spouses received a pension increase of \$300 which doesn't nearly replace the eliminated benefits.

**The Wall Street Journal - Jun 01, 2009:** DETROIT - General Motors Corp. filed for Chapter 11 bankruptcy early Monday, marking the humbling of an American icon that once dominated the global car industry and setting up a high-stakes gamble for U.S. taxpayers.

**That same day GMRA issues a news release. The first three paragraphs stated:**

"As General Motors files for bankruptcy, the General Motors Retirees Association expects and insists on a legal and political process that will provide fair treatment for all GM retirees, both union and non-union.

"We at GMRA look forward to a bankruptcy process that treats all stakeholders fairly," said John Christie, GMRA President.

"Whether in bankruptcy court or in the work of the U.S. Congress, all parties should remember that 122,000 salaried retirees and their surviving spouses are not part of the UAW agreement.

"These retirees, who worked hard for decades and have done nothing wrong, deserve full and fair consideration as the courts work to create a new General Motors," said Christie.

**The Wall Street Journal - Jul 10, 2009:** DETROIT - The new General Motors exited bankruptcy protection early Friday after its faster-than-expected stint in court, pledging to "get back to the business of building great cars and trucks" and better serving customers.

There was not a default on the salaried retirees' pensions in the bankruptcy. However, they were not as fortunate with their health and life insurance benefits. GM terminated health care at age 65 but added \$300 per month per salaried retiree or surviving spouse pensions. Life insurance was reduced to \$10,000 for retirees of record on 8/1/2009. As of 1/1/2014 life insurance was



(Continued from page 2) **by Larry Hice**

terminated for all other current and future salaried retirees.

In June 2012 GM announced it would buy a group annuity contract from Prudential to cover the pension payments for salaried retirees and dependents. GM also said it would offer a lump-sum buyout option to 44,000 of those retirees.

Jim Shepard, GMRA President at that time, sent a letter to the GM CEO objecting to the annuity and the buyout because retirees would be deprived of the protections of the Employee Retirement Income Security Act and the Pension Benefit Guaranty Corp.

The Detroit News reported on November 1, 2012, that GM spent \$3.6 billion on lump sum payouts to about 13,200 eligible U.S. salaried retirees who left GM between Oct. 1, 1997, and Dec. 1, 2011. The next day GM closed a \$25.1 billion Pension Risk Transfer (also known as De-risking) transaction with Prudential which would irrevocably guarantee the full payment of pension benefits to approximately 110,000 GM salaried pension plan participants and dependents.

The next major announcement to GMRA members was a June 28, 2014, email from NRLN President Bill Kadereit. He wrote in the opening sentence: "Your General Motors Retirees Association (GMRA) board has decided to dissolve the GMRA by year end and donate its cash to charities."

Bill noted, "Over 5,700 GMRA members continue to read the NRLN's newsletters, emails, Action Alerts and thousands write to members of Congress and remain committed to protect what remains of your income and health care security."

"With the demise of the GMRA, the NRLN is announcing an NRLN GENERAL MOTORS RETIREES CHAPTER (GMRC) to be effective immediately," Bill stated. "I need all of you to rally around the NRLN and support the GMRC by attending a kickoff breakfast meeting in Troy, Michigan on September 18th at the San Marino Club. Mark your calendar for that date now and I'll provide you details about this exciting next step by email and mail in the next few weeks."

The rest of Bill's message pointed out why the NRLN is relevant to GM retirees now that the GMRA is winding down. He cited the NRLN's work to protect Social Security, Medicare and its lobbying efforts for out-of-pocket limits for those on Medicare.

Soon after the announcement, Bill received help from GM retiree Darla Freeman to provide names of GM retirees he could discuss becoming GMRA leaders. That is when I volunteered to become President of the new GMRA. Darla served as Vice President – Communications for several years.

This summer marks the 10th Anniversary of the GMRA.

Invitations to the September 18 kickoff breakfast were mailed on August 8. to 2,363 General Motors retirees who lived in a 75-mile radius of Troy, Michigan and emailed on August 12 to the 5,700 GM retirees in the NRLN database.

The room was packed. Attendees heard presentations from Bill about the NRLN, talks by leaders of the Chrysler and DTE Energy retiree organizations about their actions, and two guest speakers who made presentations about Long-Term Care and the Area Agency on Aging.

On September 29 the GMRA webpage on the NRLN website was launched at: <https://nrln.org/nrln-general-motors-chapter/>. The latest messages that I write to Chapter members in the GMRA newsletter three times a year are posted. Articles about GM are regularly posted in the GM News section.

As I look back on the last 10 years it is hard to believe how fast the years have gone passed. I hope you appreciate being a GMRC member and value the work the NRLN is doing on behalf of America's retirees.



## A View from Washington, DC Shoring Up Retiree's Lifeline

By Alyson Parker, NRLN Executive Director

It is no surprise to anyone that the Social Security and Medicare programs face significant challenges meeting their obligations to the nation's seniors. The Trustees Report for 2024 was just released and starting in 2034, beneficiaries will only receive 79% of their earned benefits. Don't expect Congress to address this mess this year since it is an election year, but clearly, they can't ignore this growing problem much longer.

There are different proposals on the table to address the shortfall. One of them is to eliminate the taxable maximum so high-income earners would continue to pay the payroll tax all year. Currently, once a worker has paid SS taxes on \$168,600 of their earnings, they are no longer taxed on anything earned above that tax.

Many feel that this is unfair since a worker making, let's say \$50,000 a year, pays a higher percentage of his wages into the program, so it is more of a burden for those lower income workers. If Congress eliminates the taxable maximum, the SS Trust Fund would be solvent until 2060.

Another proposal would be to reduce benefits. I can't imagine that Congress would do this for a couple

(Continued on page 4)

# National Retiree Legislative Network, Inc.

601 Pennsylvania Avenue N.W.

Suite 900, South Building

Washington, DC 20004-2601

NON-PROFIT ORG.

U.S. POSTAGE

**PAID**

BRIGHTON, CO

PERMIT NO. 51



page 4

Summer 2024

(Continued from page 3) **A View from Washington, DC**

reasons. First, when the Social Security program was first created, it was envisioned that it would supplement a retiree's savings and pension – some have referred to this as a three-legged stool. As we all know, traditional defined pension plans are being phased out by corporations so very few have them. As far as savings, we have all read about the savings crisis in America – 28% have savings below \$1,000. Additionally, living solely off SS payments is hard for senior citizens who have faced increases in housing, food and medical costs.

Some have advocated for the retirement age to be increased. Currently, the full retirement age is between 66 and 67 depending on your birth year. There has been a proposal to raise it to age 69 for those born in 1965 or after. This solution also has drawbacks in that older individuals are the first to be laid off and are not the first to be hired because of their physical limitations. Additionally, for the many employees that have worked in physically demanding jobs, is it fair to ask them to work until they are close to 70?

Another idea that has been floated is to allow for more legal immigration which would increase the number of workers in the work force that would pay into SS. Back when the program was created there were 42 workers for every retiree receiving benefits. Now, because couples are not having as many kids and the baby boomers are retired or will be retiring soon, the worker/retiree ratio is down to three workers for every retiree.

Clearly, there is no easy solution for the politicians that want to keep their jobs. Typically, Congress waits until the crisis is at their front door before addressing it and this will probably be the case with Social Security.

NRLN believes that the best and fairest approach to shoring up the program is to raise the Social Security tax rate modestly for both the employee and employer and temporarily eliminate the taxable maximum so that all wages are subject to the tax until the Trust Fund is financially secure. Once the program is solvent, the tax rates and maximum wages taxed should be lowered to a level to maintain actuarial funding only. This is the best solution that is practical and ethical and keep the government's promise to the American people.

We will continue to advocate to protect the program for all retirees and future retirees as well. This safety net is needed by all.

**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:** \_\_\_\_\_

**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 \$35, \$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 "CONTRIBUTE" tab and use the credit card form.