

FRIDAY ALERT



Alliance for Retired Americans

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President Unveils New Budget, Slashes Medicare Advantage Overpayments

President Obama yesterday released a proposed \$3.6 trillion budget designed to cut the federal deficit in half by the end of his first term, while investing heavily in renewable energy, education and comprehensive health care reform. The fiscal year 2010 budget establishes a \$634 billion “down payment” on expanding health coverage, paid in part by cutting the overpayments to insurance companies offering private Medicare Advantage plans and requiring these corporations to take part in a competitive bidding process. Currently, privatized Medicare Advantage plans cost between 12% and 19% more than traditional Medicare for the same services, draining the Medicare Trust Fund and forcing every senior to spend an additional \$3 in monthly premiums to cover the costs. Eliminating these taxpayer subsidies will save \$176 billion over the next ten years. “The President declared unambiguously today that Medicare’s top priority should be the health of our nation’s seniors, not the big drug and insurance companies. This is a refreshing change for our country,” said Alliance President **Barbara Easterling**. However, the plan also calls for seniors earning over \$170,000 per year to pay more for the Medicare prescription drug plan beginning in 2011. “We are concerned that the budget calls for higher Medicare Part D premiums for some beneficiaries,” added Easterling. “This is a short-sighted approach, increasing out-of-pocket costs to satisfy today’s budgetary pressures, rather than as part of a comprehensive Medicare Part D reform that is more helpful to retirees. In these tough economic times, we are wary of any changes that may affect retirees negatively. We will monitor this issue closely in the coming months.”

Alliance Participates in White House Fiscal Summit

President Obama hosted a Fiscal Responsibility Summit at the White House on Monday. In attendance were White House officials, as well as a variety of lawmakers and leaders from think tanks, unions, universities, and advocacy groups from both sides of the political spectrum. **Edward F. Coyle**, Executive Director of the Alliance, was among those participating. After opening remarks, the attendees convened in breakout sessions to discuss key issues. “The summit was a great opportunity to discuss ways to solve our nation’s fiscal problems with bipartisan support,” Mr. Coyle said. Much of the discussion on Monday centered around health care and Social Security, and highlighted the effect they have on the country’s overall financial well-being. President Obama is expected to announce a Health Care Summit next week.

The Older Jobless Population is Hit Extra Hard

“During past recessions, older workers simply would have retired rather than searching want ads and applying for jobs. But these days, with outstanding mortgages, bank loans and high medical bills, many of them can’t afford to be out of work,” *The Wall Street Journal* reported on Monday. With jobs so difficult to find, people in their 70’s and 80’s are up against those half their age in a

frantic search for work. The number of unemployed workers 75 and older increased to more than 73,000 in January, up 46% from the prior January. Among workers 65 and older, the jobless rate is now 5.7%. That is below the national average, but much higher than it was in previous recessions, including the recession of 1981, when it reached 4.3%. The growing numbers reflect, in part, an increase in the number of older workers. “Unfortunately, for many older workers, the motivation to work is financial necessity,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. There are few programs to help older unemployed workers, but several states are developing pilot programs. The Obama administration is receiving proposals for new ways to connect workers 55 years and older with local jobs. Currently, the Senior Community Service program, which has \$433 million in funding, is the only federal jobs initiative that targets unemployed older workers. Workers must be at least 55 and not have incomes more than 25% over the poverty level -- \$13,000 a year for individuals. The program matches older adults with community nonprofit or public organizations. They receive on-the-job training, and are paid minimum wage, by the federal government, for up to 20 hours a week. However, the program is only funded to serve less than 1% of the workers who would qualify.

UAW and Ford Reach Tentative Agreement

On Monday, Ford Motor Company officials announced that they had reached a preliminary agreement with the United Auto Workers (UAW). The terms of the agreement are similar to those in the federal loan offers extended to General Motors and Chrysler, *The Wall Street Journal* reports. According to the agreement, up to one-half of Ford’s payments to a retiree health fund can now be made in stock rather than cash. UAW members and the courts must approve the deal before it can be finalized. The agreement will likely set a benchmark for Chrysler and GM’s upcoming negotiations with the UAW concerning retiree healthcare.

Poll: President Was Right to Focus on Economic Stimulus First

493 visitors to the Alliance web site voiced their opinion, and a plurality, 31%, agreed with President Obama’s decision to make the stimulus his first major focus. Twenty-five percent voted to make health care reform the first major initiative of the new administration; 21% preferred ensuring the solvency of Social Security; 9% wanted to end Medicare subsidies for private insurers; 6% wanted to put the auto industry loan first; and 8% opted for “other.” Go to www.retiredamericans.org to take part in the latest poll, “Are you planning to spend the \$250 stimulus payment for Social Security recipients, as recommended by the White House, or save it?”

Reminder: 2009 Alliance Legislative Conference June 15-18, 2009

Change has come to Washington! To take advantage of this unprecedented time in history, the Alliance has moved up its 2009 Legislative Conference to June 15-18, in Washington, DC. Alliance members will have the opportunity to meet with Congressional representatives and Administration officials, organize grassroots activities to improve Medicare and strengthen retirement security, and ensure that seniors get the change we fought for in 2008. To obtain copies of the official registration form, call 1-888-373-6497, e-mail **Joni Jones** at jjones@retiredamericans.org, or visit www.retiredamericans.org.