

FRIDAY ALERT



Alliance for Retired Americans

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Possible Social Security Overhaul Generates Renewed Debate

Congressional Democrats “are embroiled in a battle behind the scenes over whether a politically treacherous Social Security overhaul has any place in an agenda already stuffed to the gills,” according to the publication *Roll Call*. The article states that liberal lawmakers have been pushing President **Barack Obama** to stay away from the original “third rail” of politics, while more conservative Democratic Members egg him on, arguing that there is a bipartisan appetite for getting a deal. The President entertained the possibility of a major Social Security effort during a fiscal summit at the White House last month. In his address to Congress the next day, he called it the start of a conversation rather than a demand for action. A spokesman for **House Speaker Nancy Pelosi** said the Speaker “shares President Obama’s commitment to preserving Social Security ... but Congress’ first priority is to tackle the economic and fiscal crises facing our nation.” Liberals are not keen on anything smacking of a cut in benefits or an increase in the retirement age, while conservatives do not want a big tax increase. The liberal Progressive Caucus is forming a Social Security task force, said Caucus Co-Chairwoman **Lynn Woolsey** (D-CA), who wants to head off talk of trimming benefits. The publication *The Nation* recently offered a compelling summary of the recent history of Social Security at <http://www.thenation.com/doc/20090302/greider>.

Most Medicare Part D Beneficiaries Do Not Choose Lowest-Cost Plan

A Tuesday press release announced the results of a Kaiser Family Foundation-sponsored study by the Massachusetts Institute of Technology entitled, “Choosing a Medicare Part D Plan: Are Medicare Beneficiaries Choosing Low-Cost Plans?” The study found that only 6% of beneficiaries selected their lowest-cost option in 2006. Additionally, only 10% chose one of the plans in a slightly broader category that would have resulted in the lowest costs. However, 53% opted for one of the plans in the least expensive 25% of plans offered. Those who did not choose the lowest-cost plan could have saved an average of \$520 on their monthly premiums and out-of-pocket expenses if they had opted for a less costly plan. A beneficiary could have saved an average of \$400 if they had enrolled in one of the cheapest 5% of plans, and an average of \$220 if they had enrolled in one of the cheapest 25% of plans. “This study proves what we already know – that Medicare Part D needs to be reformed to be more user-friendly and cost-effective,” said **Ruben Burks**, Secretary-Treasurer of the Alliance.

House Democrats, Sen. Baucus Praise Medicare Advantage Changes

On Monday, House Democrats and Senate Finance Committee Chair **Max Baucus** (D-MT) announced that they have sent letters to Medicare officials praising proposed payment and regulatory changes to the Medicare Advantage (MA) program, *CQ HealthBeat* reports. Baucus and some House Democrats lauded a recent proposal by the Centers for Medicare and Medicaid

Services (CMS) to reduce payments to MA plans. The changes would adjust the scale used to determine the reimbursement rate for MA plans by assigning "risk scores" related to how sick a beneficiary is. According to Democrats, the changes would stop discrimination against sicker beneficiaries, make it easier to understand prescription drug benefits, and shield beneficiaries from unfair marketing practices. In a separate letter, some House Democrats supported CMS for its changes to its "call letter" to private health and prescription drug plans regarding bidding requirements for 2010. The letters, coming on the heels of President Obama's command for an end to subsidies to private insurers under MA, also call for further reform. Alliance Executive Director **Edward Coyle** approves of the developments, saying recently, "Retirees applaud President Obama's proposed elimination of taxpayer subsidies - \$176 billion over the next ten years - to large insurance companies who operate privatized Medicare Advantage plans at a cost between 12 and 19% higher than if Medicare were to directly serve these same people."

Obama's Budget Proposal Requires Automatic Enrollment in Retirement Plans

President Obama's budget proposes requiring employers to automatically enroll employees in their retirement plans, such as a 401(k). If they do not offer one, they could enroll employees in a direct-deposit Individual Retirement Account (IRA). Employees would be able to opt-out of the program. This proposal is popular with academics and researchers because it would boost employees' retirement savings. The retirement proposal would cost the government \$7.4 billion over 10 years, and has been well received by both liberal and conservative groups. White House officials hope that it will become an early legislative achievement. "This proposal will help early saving for retirement, leading to more comfortable lives for tomorrow's seniors," said **Barbara Easterling**, President of the Alliance. "But nothing can replace the certainty of defined benefit plans, which we must preserve."

Texas, New Mexico Alliance Members Voice Their Opinions Across the Southwest

This past Wednesday, Texas Alliance President **Annie Banks** testified before the state legislature in Austin against the "Voter-ID" bill that is being considered. She stated that the bill attempts to disenfranchise thousands of Texas voters. Earlier this month, on March 4, New Mexico Alliance members caught the Rail Runner train to visit the 2009 Legislative Session at the state Capitol. Making stops in Los Ranchos, Sandoval, and Santa Fe, members visited the Roundhouse to meet with legislators, lobby on behalf of seniors' issues, and gather information about community resources and services. Check out the pictures of the event on the Alliance website at www.retiredamericans.org/ht/display/Gallery&album_id=11708.

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

The Alliance's 2009 Legislative Conference will be 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 voice their opinions in breakout sessions. For copies of the registration form, call 1-888-373-6497, e-mail **Joni Jones** at jjones@retiredamericans.org, or visit www.retiredamericans.org.