

FRIDAY ALERT



Alliance for Retired Americans

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Sen. Specter Comes Out Against the Employee Free Choice Act

Sen. **Arlen Specter** (R-PA), the only Republican to side with Democrats on the Senate's last vote on union-organizing legislation, announced on Tuesday that he would not vote for this session's bill. The measure, the Employee Free Choice Act (EFCA), would make it easier to form unions by giving workers the right to unionize as soon as a majority of employees in a workplace signed cards in agreement. Sen. Specter's re-election campaign next year for his Pennsylvania seat may include a tough primary rematch with **Patrick Toomey**, a conservative former congressman, but Sen. Specter maintained on Tuesday that his decision was not based on politics, *The New York Times* reported. In 2007, Specter cast the lone Republican vote on a procedural move to advance the EFCA bill; that effort fell one vote short of the 60 needed. He said then that he endorsed the need for Congress to revisit labor issues. According to the publication *Politico*, "Sen. Arlen Specter's decision to oppose the Employee Free Choice Act is a major blow to unions but a gift for President **Barack Obama** and centrist Democrats, who get a reprieve from having to take sides in a death match between Big Labor and Big Business." Centrist Maine Republican Sens. **Susan Collins** and **Olympia Snowe** have already announced their opposition. However, Senate Majority Leader **Harry Reid** (D-NV) said on Tuesday that the bill is not dead, and he accused Sen. Specter of making a politically expedient choice. "We cannot have a solid, stable retirement unless we have a solid, stable middle class," said Alliance President **Barbara Easterling**.

SSA Needs Funding to Clear Backlog of Applications for Disability Benefits

On Tuesday, officials from the Social Security Administration testified at a joint hearing of two House Ways and Means subcommittees about the growing backlog of disability benefits claims. According to *GovernmentExecutive.com*, there are now more than 1.3 million unprocessed Social Security and Supplemental Security Income disability claims, and an average claim now takes almost 500 days to be processed. Adding to the problem, the current economic situation has caused the expected number of new applications for disability benefits to increase to 2.9 million this year. That number is an increase of more than 12% from last year, and is 13% higher than estimates used to allot fiscal 2009 funds. "Proper funding could clear the backlog by the year 2013," said Alliance Secretary-Treasurer **Ruben Burks**. "Even with the tough constraints on the federal budget, this needs to be a top priority for the country."

More Companies are Ending Their 401(k) Matches

According to *USA Today*, several new surveys of company executives show that they plan to reduce or suspend their company's retirement-plan contributions this year. Dozens of employers in the past year have already cut such costs. The trend means smaller nest eggs, unless employees save enough to make up for the missing company contributions and matches. Arrangements vary, but employers have often matched 25 or 50 cents of every dollar employees put in their retirement

account, up to 6% of pay. General Motors, Eastman Kodak, FedEx, and Sears Holdings have already suspended their 401(k) contributions, and a survey released on Wednesday by the company Spectrem Group says that 29% of employers intend to reduce or eliminate contributions to defined-contribution retirement plans in the next 12 months. While the survey has a large +/- 8% margin of error, other surveys back up the prediction.

Alliance Reiterates Need to Address the Doughnut Hole

Since the flawed Medicare Part D drug benefit policies were enacted in 2003, seniors' advocates have been striving to close the "doughnut hole" coverage gap. As a Senator and on the campaign trail, President Obama supported changing the benefit. However, his budget outline had no mention of Medicare Part D, and, according to the publication *The Hill*, some advocates are concerned that seniors are being overlooked due to the focus on helping the uninsured. The cost of reform may also be a contributing factor to the coverage gap's absence in the president's budget; the Congressional Budget Office estimates that eliminating the Doughnut Hole would cost \$134 billion over ten years, more than 20% of President Obama's \$634 billion health reform "down payment." "The Alliance will continue to advocate for improvements to Medicare Part D," said Alliance Executive Director **Edward Coyle**. "Even if we can't eliminate the doughnut hole gap in coverage right away, we could see to it that fewer beneficiaries are exposed to it."

Prescription Drug Industry Sales Slow

According to *The Wall Street Journal*, prescription drug sales growth has been slowing since 2001, when growth was in the double digits. In 2008, drug sales growth stagnated at 1.3%. Growth has slowed dramatically in recent years, because drug companies have been unable to find new "blockbuster" drugs to replace the current top sellers, which are losing patent protection and being replaced with less-expensive generic drugs. Last year's new drugs - medicines like Cimzia for Crohn's disease - do not target the vast groups of patients that could yield billions of dollars in annual sales. People are also cutting back or forgoing some of their prescription drugs as health care costs rise and the economy worsens. The drug companies Pfizer, Merck and Roche have spent \$155.9 billion recently to buy up rivals in a bid to diversify their line-ups of products.

March 23rd a Big Day for the Alliance in the Midwest

On Monday, Edward Coyle was in Madison, Wisconsin to speak at the Wisconsin Alliance's Third Convention. Also on Monday, Iowa Alliance President **Don Rowen** participated in the White House's Regional Health Care Forum in Des Moines.

Register Now for the Alliance Legislative Conference June 15-18, 2009

In the wake of last year's historic elections, the Alliance has moved up its 2009 Legislative Conference to June 15-18 in Washington DC. The Alliance urges you to come and see your congressional representatives and share ideas with new Administration officials who are friendly on retiree issues. In seminars, sessions, and one-on-one meetings, you will be key in ensuring that seniors get the change we fought for in 2008. For copies of the registration form, call 1-888-373-6497, e-mail **Joni Jones** at jjones@retiredamericans.org, or visit www.retiredamericans.org .