

FRIDAY ALERT



Alliance for Retired Americans

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Obama Addresses Medicare, Medicaid, Social Security in Economic Speech

In a speech at Georgetown University on Tuesday, President **Obama** assessed economic recovery efforts, linking health care costs to broader economic problems and speaking of the need for health care reform to reign in the expenses of Medicare and Medicaid. He also called on Congress to “get serious” and stop postponing difficult decisions in order to accomplish health care reform this year. Laying out his vision for America’s economic future, the President restated the role of Social Security as part of a secure retirement, speaking of a need to focus on the program’s long-term stability after health care reform is achieved. “The high cost of health care in this country is not just emptying the pockets of retirees, it is emptying the pockets of America,” said **Edward Coyle**, Executive Director of the Alliance. “By eliminating wasteful spending like overpayments to private insurance companies for Medicare Advantage plans, we can take the first step toward getting our economy back on track and having quality, affordable health care for our citizens.”

CEO Pay at the Drug Companies: A Bitter Pill for Seniors

Struggling to afford your medicines? Wondering where your prescription money goes? The AFL-CIO’s new Executive PayWatch web site, www.aflcio.org/corporatewatch/paywatch, reports that much of it goes straight into the CEOs’ wallets. A few examples of annual pay: Johnson & Johnson \$29.1 million, Abbott Laboratories \$28.3 million, Merck \$25.1 million, and Wyeth \$24.2 million. According to *The New York Times*, the 2003 Medicare Part D drug law has proven to be “a financial windfall larger than even the most optimistic Wall Street analysts have predicted.” The law prohibits Medicare from negotiating volume discounts with drug manufacturers, and as a result retirees in the now-privatized Part D plans pay 58% more than under plans administered by the Department of Veterans Affairs which is allowed to negotiate price discounts. To correct this, the Alliance supports S. 330 and H.R. 684 to create a public Part D plan that uses the government’s bulk purchasing power to obtain lower prices. See the Alliance’s 2009 Medicare Part D fact sheet at <http://www.retiredamericans.org/ht/a/GetDocumentAction/i/12491>.

Insurance Company Association Sends Fake Letters, Says Seniors Wrote Them

A political consulting firm has used the names of real people, without their knowledge or permission, for a letter writing campaign supporting Medicare Advantage. Three such letters were recently received at *The Eagle-Tribune*, a newspaper based in the suburbs of Boston. Following normal protocol, staffers called the authors of the letters to confirm authenticity before printing. None of the seniors whose names were signed on the letters had written them; one did not even know what Medicare Advantage was. The real source of the letters was discovered when a man called the paper from the Boston office of the Dewey Square Group, which has been hired by America’s Health Insurance Plans, a health industry front group, to defend the Medicare Advantage plans. The caller pretended to be the grandson of one of the letter writers and asked if

his grandmother's letter had been published. A spokeswoman for Dewey Square claimed that the letters were legitimate and suggested that the seniors were all suffering from forgetfulness and simply did not remember signing the letters. She offered no explanation for why members of her office were impersonating these people's relatives.

Due to Economic Conditions, U.S. Patients Are Filling Fewer Prescriptions

According to *The Wall Street Journal*, 6.8% of brand-name prescriptions were left unfilled in the fourth quarter of 2008, an increase of 22% from the first quarter of 2007. Generic drug prescriptions were also filled at a lower rate, with 4.1% abandoned in the fourth quarter of 2008. Higher insurance co-pays and individual financial instability are blamed for the decrease in prescriptions. Compounding the problem, health insurers are rejecting coverage for more prescriptions. In the fourth quarter of 2008, 10.8% of brand-name prescriptions were denied, an increase of 21% from the first quarter of 2007. "It is unacceptable that the economy is putting people's health at risk," said Alliance President **Barbara Easterling**. "It is also yet another sign that our health care system needs to be overhauled immediately."

Some Older Borrowers Are Losing Their Homes Due to Mortgage Broker Fraud

As the government presses lenders to modify mortgages, one category of distressed borrowers is being left out: older homeowners on low fixed incomes. According to an article in *The Wall Street Journal* on Tuesday, many of these older borrowers are facing foreclosure because they were sold loans they could never afford, often fraudulently. Numerous homeowners had lived for decades in their home and built up substantial equity despite their low incomes. This made them tempting targets for brokers, who persuaded them to refinance their mortgages, telling them they could lower their monthly payments. Instead, many of these loans were loaded with fees and exploding interest rates and quickly became unaffordable. These borrowers' incomes are frequently too low to qualify for mortgage-relief programs. Often the only way to keep these people in their homes is if lenders rescind the fraudulent loans or reduce the principal, steps most are unwilling to take. The U.S. House of Representatives has endorsed legislation that would allow bankruptcy judges to modify or rescind loans even if lenders are unwilling. However, lenders oppose the measure, and the legislation has stalled in the Senate. "Many seniors never know they've been defrauded," said **Ruben Burks**, Secretary-Treasurer of the Alliance. "And law enforcement is much more likely to prosecute crimes against lenders than against borrowers."

Ohio Alliance for Retired Americans Holds Its Spring Meeting

Ms. Easterling spoke in Columbus, Ohio on Tuesday at the Ohio Alliance's 2009 Spring Statewide meeting. The primary focus of the meeting was the opportunity to make retiree voices heard regarding 2009 federal and state legislative issues.

Did You Know...

The fastest-growing age group on the social networking site "Facebook" is women older than 55 (www.CNN.com).