

# FRIDAY ALERT



**Alliance for Retired Americans**

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## Medicare Advantage Plans Face Changes in 2010

The Centers for Medicare and Medicaid Services recently established stricter rules for private insurance companies, effectively cutting subsidies to Medicare Advantage (MA) plans by up to 5%. Currently, the government overpays MA plans an average 14% more per beneficiary than for traditional fee-for-service Medicare. However, according to *The Wall Street Journal*, under the new regulations, MA plans cannot charge low-income and sick patients more than traditional Medicare, must explain what is covered in the Part D “doughnut hole” coverage gap, and will face extra scrutiny if patients’ annual out-of-pocket costs are not capped at \$3,400 or less. The changes are designed to allow consumers to more easily compare options and costs. Medicare officials said they would try to eliminate plans with fewer than ten enrollees that are similar to other plans and make it hard for seniors to compare. Also changing: charges for hospitalizations, outpatient services and other services often associated with chronic illnesses – services for which MA plans have been particularly likely to charge patients more than traditional Medicare would. However, many industry experts say beneficiaries enrolled in MA plans will likely face increased premiums or fewer benefits next year. “The Alliance welcomes the changes,” said **Edward Coyle**, Executive Director of the Alliance. “Insurance companies will no longer be able to use their government subsidies to unfairly treat sick and disadvantaged seniors.”

## Retirees Not Prepared for Long-Term Care Costs

The high cost of long-term health care (LTC), as much as \$77,000 a year for nursing home and \$20,000 for in-home care, will diminish the quality of life for two-thirds of retirees, found the Center for Retirement Research at Boston College. Factoring in the costs of health care and LTC, a new study concluded 64 percent of retirees would not be able to maintain their pre-retirement lifestyles. Only 3 percent of current long-term care recipients has purchased private LTC insurance, which costs around \$300 a year when purchased at age 65 but can skyrocket to \$600 a month by age 75. Additionally, the Associated Press reported that 20 percent of applicants are denied coverage due to poor health. “Numbers like these are why the Alliance supports the Community Living Assistance Services and Supports Act of 2009 (CLASS Act, S. 697 and H.R. 1721) to create an insurance program for adults who become functionally disabled,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. The CLASS Act will establish a national insurance program, financed by voluntary premium payments collected through payroll withholding and placed in a “National Independence Fund.” See the Alliance’s 2009 CLASS Act fact sheet at <http://www.retiredamericans.org/ht/a/GetDocumentAction/i/12355>.

## Advertisers Now Going After Older Shoppers

According to *The New York Times*, the recession has led to a trend of increased interest in the marketing of goods and services to consumers age 50 and older. Among those aiming more at the

older demographic are corporate giants such as Chrysler, Kraft Foods, L'Oréal, Procter & Gamble and Target. For decades, older consumers had largely been shunned by marketers because they were deemed less wealthy, less likely to try new products and less willing to change brands. However, the recession is making older consumers who may have paid off mortgages seem like a safer bet than younger ones who may get laid off in last-hired, first-fired downsizings. Another reason for the change is demographic. The estimated 78 million baby boomers born from 1946 to 1964, who are vital to Madison Avenue, are aging, with the first boomers turning 63 this year. Also, older consumers today are seen as less resistant to change and more comfortable with digital media. The web site [www.grandparents.com](http://www.grandparents.com) predicts that by next year, the highest median income will be among families led by men or women ages 55 to 64.

### **Recession Pushes Retirement Confidence To A Record Low**

In a survey released by the Employee Benefit Research Institute this month, only 13% of workers and retirees said they were very confident they could live well in retirement, the lowest number since tracking began in 1993. Among current retirees included in the study, only 20% said they were very confident that they could live comfortably. *The Washington Post* reported that current retirees were greatly surprised by the high costs of their health care expenses. Workers and retirees also credited inflation, economic uncertainty and the high cost of living as reasons for their lack of confidence. Of those surveyed, over 80% have reduced their expenses, 43% have changed their investing behavior and 38% are working more hours or picked up a second job. "Every worker deserves peace of mind that he or she can retire comfortably," said **Barbara J. Easterling**, President of the Alliance. "Unfortunately, the combination of serious problems facing our nation today has led to widespread uncertainty for retirees and workers nearing retirement."

### **Alliance Organizer Jack Marion Honored with Community Service Award**

Alliance for Retired Americans North Carolina Field Organizer **Jack Marion** received the state's Asa Philip Randolph Institute's (NC APRI) award for community service at their 35<sup>th</sup> Annual Award Banquet on Saturday, April 18, in Raleigh. Labor leaders **Asa Philip Randolph** and **Bayard Rustin** founded the APRI in 1965 as a non-profit, non-partisan organization of black trade unionists to fight for racial equality and economic justice. North Carolina APRI chapters provide support for local unions and for community members in need. "Through his lifelong activism, Jack has truly made a difference in protecting jobs for Americans, defending seniors' benefits and supporting affordable health care for all," said Coyle. "We are incredibly proud of all of his past efforts, and look forward to working together for many years to come."

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

The Alliance's 2009 Legislative Conference will take place June 15-18 in Washington DC at the Washington Hilton. 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. To register, call 1-888-373-6497, go to [www.unionvoice.org/retirees/events/conf\\_2009/details.tcl](http://www.unionvoice.org/retirees/events/conf_2009/details.tcl) or e-mail **Joni Jones** at [jjones@retiredamericans.org](mailto:jjones@retiredamericans.org).