

NRLN

**NATIONAL RETIREE
LEGISLATIVE NETWORK**

601 Pennsylvania Avenue, N.W.
Suite 900, South Building
Washington, D.C. 20004-2601
Tel: 202-220-3172
Fax: 202-639-8238
Toll-Free: 1-866-360-7197
Email: nrlnmessage@msn.com
Website: <http://www.NRLN.org>

Board of Directors:

Bill Kadereit, President
Robert Tompkins, VP – Secretary/Treasurer
Robert Foresta, VP – Legislative Affairs
Bob Martina, V P – Grassroots Network
Jane Banfield
Will Buergey
John Christie
Joseph R. (Dick) Ciocca
Chris Dyrda
Chuck Gilbert
Kitty Kennedy
Ralph Maly
Mary Ann Neuman
Judy Stenberg
Ray Sternot

Washington & Support Staff

Executive Director: Marta Bascom
Legislative Strategist: Michael Calabrese
VP - Communications: Ed Beltram
Webmaster: Joe Sciulli

NRLN is a coalition of 26 associations advocating the rights of 2.1 million

American retirees from... Aetna / Agilent /
American Airlines / Ameritech/SBC / AMF /
American Mutual / Amica Mutual / AT&T / Avaya /
Avin Meritor / Ball Aerospace / Bell Atlantic / Bell
Helicopter / Bendix / Boeing / California State
Employees / Caterpillar / C & P Telephone /
Chrysler / Commonwealth Edison / Continental
General Tire / Datatronics / Delphi / Delta Airlines
/ Diamond State (84) / Detroit Edison / Detroit
Diesel / Eastman Chemical Co. / Enco Alloys /
Entergy Operations, Inc. / Exelon / FedEx / Fisher
Scientific Co. / Ford / General Motors/ General
Telephone / Gulf Oil / Hoechst Celanese /
Holophane / Honeywell Vorr / Hughes Aircraft /
HWB / IBM / IBEW / J. I. Case Corp. / John Deere
/ Johns Manville / Johnson & Johnson / Kodak /
Lockheed Martin / Lucent Technologies / Marlboro
/ McDonnell Douglas / MCI / MetLife / Michcon /
Mobil Oil / Monsanto/Solutia / PacBell / PECO
Energy / Pension Actuary / Pfizer / Phila Electric
Co. / Polaroid / Portland GE-Enron / Prudential /
Public Service of Colorado / Raytheon / Rock-
Tenn Co. / Rocky Mount Mills / Rohm & Haas. Co.
/ Salis / Southern New England Tel / Spherion
Corp. / Springs Mills / Sprint / Telesector
Resources Group / Texas Instruments / Rouse
Co. / Transamerica / Ullico / United Airlines / UPS
/ US Airways / USAF Trucking / US West-Qwest /
Wells Fargo / Western Union / Weyerhaeuser /

November 12, 2009

The Honorable Tom Harkin
Chairman, HELP Committee
United States Senate
731 Hart Senate Office Building
Washington, DC 20510-1502

Dear Chairman Harkin:

As you finalize the draft of the health care reform bill, there is an urgent matter to retirees over age 65 currently on Medicare Advantage plans that must be addressed. Simply put, if you are a retiree on a Medicare Advantage plan with a pre-existing medical condition and have not elected to go into a Medigap insurance plan, you are certain to face dramatic premium increases due to the elimination of government subsidies put into place by Congress in 2003. Also, because there are CMS time window limitations that affect retirees not covered by company-sponsored plans, millions may not be able to access Medicare Medigap supplemental policies at all.

Fixed-income retirees elected, and in some instances were forced, to buy Medicare Advantage plans because of the lower premium costs they offered, not realizing the plans were less expensive because Congress agreed in its 2003 legislation to subsidize insurance companies. Now insurance companies offering Medigap plans may not allow them to buy their insurance due to either pre-existing medical conditions or time lapses in the time allowed to move over to a Medigap plan.

This issue affects 22% of those retirees age 65 and older and on Medicare who are in Medicare Advantage plans. Within the National Retiree Legislative Network (NRLN) membership of over 2 million retirees, it affects retirees from a variety of companies including those from General Motors, Chrysler and Lucent Technologies immediately, starting November 15, 2009 for plan year 2010. Most of these retirees have already been hit hard due to rising pharmaceutical costs, reduced or eliminated health care benefits from their former employers, and decimated retirement funds caused by drastic declines in the stock market. Now those on Medicare Advantage plans face guaranteed premium increases once the Medicare Advantage subsidies are eliminated.

The NRLN is not taking a position on whether Medicare Advantage subsidies should be eliminated. Nonetheless, we believe it is imperative that Congress ensure that those retirees currently on these plans not be harmed as a result. The unintended consequence of using these subsidies to help pay for health care reform is that millions of Medicare eligible retirees will lapse into ineligibility for Medigap insurance as subsidies are phased out. We urge the Senate to include in its health care reform bill a provision which would at least offer a 5-year window within which Medicare Advantage consumers would be allowed to buy Medigap coverage regardless of pre-existing conditions or lapses in the time frame for choosing Medigap. Fixed-income seniors should not suffer as a result of sudden subsidy withdrawals by Congress. It is our hope that you will give serious consideration to this issue and include protection for retirees in the Senate health care reform bill.

Your action would not increase the cost of health care legislation and the insurance industry would retain the insurance business, albeit in Medigap instead of Medicare Advantage plan sales.

Thank you very much for your consideration of this very important issue. The NRLN's Executive Director, Marta Bascom, can be reached at (703)863-9611 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Bill Kadereit". The signature is written in a cursive style and is positioned above the typed name.

President, National Retiree Legislative Network