



NRLN Focus

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The NRLN Clarion Call . . . Pensions and Health Care Focus of Leadership Conference

By Bill Kadereit, NRLN President



When leaders of the NRLN Retiree Associations from across the nation travel to Washington, DC to spend two and a half days in meetings, they expect to gain information important to their memberships. Based on feedback that I received from a number of the participants in the NRLN 2009 Leadership Conference on Jan. 13 – 15, they got what they

were seeking—an emersion in retirement pension and health care benefits issues.

First, I'll briefly report on key elements of the NRLN Board of Directors meeting on the opening afternoon of the conference. I was pleased that so many non-board members came to the Board Meeting and often shared their views on board agenda topics.

Newly Elected To NRLN Board

Two new members were elected to the Board. Joe Halpern, President of the Colorado and Wyoming division of the Association of US WEST Retirees (AUSWR) was elected to replace Kathleen "Kitty" Kennedy, President of the Telephone Retirees Association of Arizona, a division of AUSWR. Joe will serve as the NRLN Vice President -



Joe Halpern

Mountain Region. Rocco Russo, President of the Johns Manville Retirees Association, was elected to the Board as a Member-At-Large. In line with the Board's commitment to pursue legislation beneficial to retirees the creation of a \$125,000 Statute Development Fund was approved to be dedicated to the writing and introduction of legislation to better protect pension plan assets and gain protection for health care benefits.



Rocco Russo

The Board adopted the NRLN 2009 Legislative Agenda as proposed by Bob Foresta, Vice President - Legislative Affairs. The Legislative Agenda which addresses a multitude of retirement issues can be read on the NRLN

website at www.nrln.org . Other items addressed by the Board included the approval of the 2009 Budget and agreement on the 2009 Individual Member solicitation plan.

I want to note that after attending the Leadership Conference as guests, leaders of the Delta Pilots Pension Preservation Organization (DP3) and the Delta Air Lines Retirement Committee (DALRC) gained approval from their governing boards to join the NRLN. The combination of the Delta Pilots - DP3 and DALRC associations adds 46,000 retirees, 18,000 association members and 15,000 Grassroots members with email and Capwiz access to the NRLN family of retirees. Ken Boucher, a DALRC Board member, has been elected to the NRLN Board.

Well Credentialed Guest Speakers

In addition to the Presidents report and other presentations by NRLN staff, we were able to assemble well credentialed outside speakers. Our guests presented facts and opinions from their constituents' perspectives then opened the floor for questions and free-flow discussions with NRLN association leaders who asked questions or made comments, with the



NRLN Board at Washington meeting conducts business open to Retiree Association Leaders

guests providing their views back in response. All speakers were engaging and sincere and discussions were very relevant to the issues important to retirees.

Dr. John McDonough, Senior Advisor for National Health

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Reform to Senator Edward Kennedy (D-MA), Chairman of the Senate Committee on Health, Education, Labor and Pensions (HELP), dialogued with us on where the process on national health care reform stands in the Congress. Dr. McDonough said that the Senate HELP Committee and the Senate Finance Committee, Chaired by Senator Max Baucus have been the "hub" on health care reform. He noted drivers of health care reform as (1) President Obama's health agenda; (2) The book on health care reform by Tom Daschel, the new Secretary of Health and Human Services; (3) Senator Baucus' whitepaper on health care reform, (4) the Congressional Budget Office's ideas on health care ideas with costs and potential savings, and (5) Senator Kennedy's Stakeholder Round Tables on health care reform. In the U.S. House of Representatives, he identified Representatives Peter Stark, Henry Waxman and George Miller as being key leaders on health care reform.

Dr. McDonough said leaders of the Democratic Majority in the Senate believe that health care reform should have six key elements: (1) Deep national reform of health insurance – Everyone should be able to buy coverage and preexisting medical conditions should not be a barrier; (2) Coverage candidate – Individuals have responsibility to buy health insurance; (3) Health care delivery system reform – The current system is wasteful and inefficient. The new system needs to provide compensation for effectiveness, implement information technologies and address the needs of the chronically ill; (4) Payment reform – Provide rewards for the quality of care; (5) Provide preventive and wellness services, and (6) Financing – Need to raise the revenues for the new coverage.

Dr. McDonough said it is not clear how fast health care reform will move in Congress, whether it will be in the first or second half of the year. He acknowledged there is much to be learned from the failures of the Clinton Administration health care reform proposals in 1993-94.

Medicare Needs Catastrophic Coverage

When the conference participants had the opportunity to express their views it was pointed out that Medicare should be left alone except for providing provisions for covering catastrophic health care costs. Another opinion expressed was that Congress should look at how to mesh existing employer health care plans with new plans and not push workers and retirees into the government plan.

I pointed out to Dr. McDonough that the fixed incomes of retirees have been eroded by as much as 30 percent or more by out-of-pocket expenditures for medical care and prescription drugs.

Protecting Pension Plan Assets

Michelle Evermore, staff member to Senator Tom Harkin (D-IA), a member of the HELP Committee, began her

remarks talking about the temporary relief that businesses gained from the more stringent pension funding requirements of the Pension Protection Act of 2006. Because of the financial losses in pension assets due to adverse conditions in the stock market, Congress passed and former President Bush signed in December The Worker, Retiree, and Employer Recovery Act. The legislation allows pension plans to stretch out unexpected asset losses over 24 months in order to soften the effects of 2008 plan declines, and eases the transition to new funding rules under which plans must be 92 percent funded in 2008 and 94 percent in 2009.

Ms. Evermore said there is renewed interest in Congress in protecting defined benefit pension plans. She acknowledged that defined benefit pensions were part of the pay package that retirees earned years ago. I was please to hear her say that. She said that Congress needs to look at bankruptcies and the impact they have on pension plans.

With the deep financial losses that 401k plans have suffered, Ms. Evermore said there will be a broad discussion in Congress about 401k plans, including whether there should be "safe harbors" for 401k plan investments.

Spokesman For Top Corporations

Mr. Mark Ugoretz, President of The ERISA Industry Committee (ERIC) that represents America's top corporations in Washington was the proverbial Daniel in the Lion's Den. He said that no ERIC companies have a pension plan funded at 125 percent, once the benchmark of strong pension plans. He said many companies are now at 70 to 75 percent funding in their pension plans when most plans were close to being fully funded on 1/1/08. Many employers, he said, are going to have to raise cash to fund their pension plans under the rules of the Pension Protection Act of 2006 and this will mean stopping capital improvements, elimination of 401k matches, layoffs and closing plants.

Mr. Ugoretz said most companies are not asking for a check from the government but asking for more time to meet pension plan funding obligations.

As you might expect, Mr. Ugoretz defended an employer's right to change health care plans as circumstances change. He noted that employers would not stand for any legislation that took and ex post facto "look back" approach to health care benefits. His view is that America pays more for health care than any industrialized nation. He said the coverage that employers buy is very bad for the price and he expects a revolution in the \$2.5 trillion medical industrial complex. What is needed, he said, is the creation of very large competing pools of participants open to individuals and employers. His belief is that people are going to have to save to supplement their health care coverage.

Mr. Ugoretz candidly stated his views that 401k plans are not going to provide for retirement security and

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professionally managed defined benefit plans are a better way to go.

When the floor was opened to Q&A, the first retiree leader commended Mr. Ugoretz for having the courage to come to the conference. Most of the discussion that followed was on how the NRLN might work with ERIC on pension and health care benefits issues beneficial to both businesses and retirees.

Insights Into PBGC & Treasury Roles

With so much in the news about many pension plans



Chuck Austin, Chrysler National President (right), speaks at conference while at front table Don Whitehouse, Ford FAIR President (left), and Chris Dyrda, Chrysler VP/Secretary, listen along with others

being in trouble, we invited representatives from the Pension Benefit Guaranty Corporation, the government agency that insures defined benefit corporate pension plans. Mr. Michael Ray and Amy Viener proved to be extremely knowledgeable and forth right about how the PBGC operates. At the outset they explained the PBGC operates on insurance premiums set by Congress and paid by sponsors of defined benefit plans, investment income, assets from pension plans trustee by PBGC, and recoveries from the companies formerly responsible for the plans. They noted there are nearly 30,000 defined benefit plans covering nearly 44 million workers and retirees.

They spoke openly about the fact that the PBGC has a deficit of \$11.2 billion with \$62.9 billion in pension plan assets under its control compared with \$74.1 billion in liabilities. With leaders from the Delta Airline Pilots and Delta Airline Retiree Committee in the room the other retiree leaders heard some eye-opening revelations on what transpired when Delta Airlines declared bankruptcy and the resulting impact when the PBGC took control of the Delta pension plans.

The PBGC staff members certainly held the attention of Chrysler and Ford Retiree Association leaders when they talked about the letters of inquiry that the PBGC had sent to the Big 3 Automakers. This resulted in the PBGC estimating that the Big 3 Automakers only have enough money in their pension funds to cover 76 percent

of their pension obligations. This represents an underfunding by as much as \$41 billion for the 1.3 million workers and retirees covered by the Chrysler, Ford and General Motors pension plans.

During the Q&A session there were a number of "what if" questions. Some of the answers from the PBGC representatives brought a slight sigh of relief from some retiree leaders while other answers resulted in furrowed brows of concern.

Mr. William Bortz, U.S. Department of the Treasury, came to share with conference participants his organization's role that includes writing and interpreting rules and regulations relating to ERISA (Employee Retirement Income Security Act), the law governing pension plans. Also, his organization's responsibilities encompass writing and interpreting IRS (Internal Revenue Service) Codes that include certain controls over pension plans.

Phyllis Borzi Shares Her Expertise

As a transition between our "outside" guest speakers and our "inside" NRLN presenters, I want to mention the remarks by Phyllis Borzi who is both an "outsider" and an "insider." By this I mean that Ms. Borzi is an attorney with one of Washington's most prestigious law firms. She is also a professor at George Washington University and she served on President Barack Obama's transition team for the Employee Benefits Services Administration division of the U.S. Department of Labor. In her "insider" role she has long been a legal advisor to the NRLN and has attended most, if not, all of the NRLN conferences.

Ms. Borzi conducted a dialogue about the NRLN's legislative initiative to add catastrophic coverage to Medicare. She said we must be militant to tell policy makers that catastrophic coverage is important to Medicare participants. She described a number of ways that catastrophic coverage might be addressed through Medicare. The NRLN has become convinced that Medicare should include some version of catastrophic coverage because so many retirees have lost their catastrophic coverage. Their former companies have eliminated their health care plans when they became eligible for Medicare.

I must note that Ms. Borzi is a real trooper. She came to the conference in a wheelchair with her left leg in large bandages from surgery to repair her Achilles tendon. Also, I want to commend Marta Bascom, NRLN Executive Director and Michael Calabrese, NRLN Legal Counsel, for their excellent job in lining up the guest speakers and serving as moderators during the presentations.

NRLN President's Presentation

I recognize this column is going long so I will try to be as concise as possible in describing the presentations by NRLN leaders. In my remarks that opened the second day of the conference I pointed out that the NRLN's

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competition in Washington are the corporations and business trade associations who hire most the 36,000 registered lobbyists that stalk the halls of Congress and the offices on Capitol Hill. I noted that the NRLN effectively competes to get its message across through "constituents' activism." This includes our Grassroots Network Advocates who send emails to their elected representatives through the NRLN's Capwiz system,



Michael Calabrese, NRLN Legal Counsel, (right) moderates a panel discussion with representatives from U.S. Treasury Department and Pension Benefit Guaranty Corp

make phone calls to Congressional offices, attend town meetings and by being an informed voter. Unlike Big Business, we don't make campaign contributions, wine and dine, or sponsor expensive junkets.

I introduced to the group our NRLN leaders who lead 16 different activities and commended them for their dedicated good work during 2008. I showed two slides that highlighted our 2008 Actions and Accomplishments. A few of the key accomplish included:

- The number of members in our Grassroots Network grew by 41%.
- The number of retiree associations affiliated with the NRLN grew to 24 with the addition of retiree organizations from Chrysler, Ford, General Motors.
- NRLN Grassroots Network members used our Capwiz system to email thousands of letters that helped convince Congress to include low-income retirees living mainly on Social Security as part of 2008 economic stimulus package.
- When the NRLN's Washington team learned that the staff of the Senate Finance Committee had a proposal that would allow employers to use "surplus" pension plan funds to pay health care insurance for active employees we took action. In addition to a whitepaper and a conference call with Committee staff opposing this action, Grassroots Network members were enlisted to email letters to Senators on the Finance Committee. Within a few days, we were informed that the proposal was being

withdrawn.

- Because of the NRLN's respected reputation as an advocate for retirees, I was invited to give testimony to the U.S. House Committee on Education and Labor for its hearing on "Safeguarding Retiree Health Benefits." The testimony and the extensive whitepaper filed after the testimony were designed to have influence when the House takes up health care legislation during this session of Congress and fortifies all NRLN proposals for retirees.

All of the Actions and Accomplishments are too numerous to cover in this column, but I encourage you to read them on the NRLN website at: <http://www.nrln.org/NRLN%202008%20Action%20Accomplishments%20Handouts.pdf>.

Key among the nine points on my 2009 Strategic Initiatives slide are establish a path to a sustainable annual budget through continued membership growth and a stepped up level of contributions from association and at-large individual memberships and a 60% growth of our grassroots network and in those signed up to lobby through our Capwiz Grassroots system. YOUR HELP IS NEEDED!

I should note that key points from the slide presentations by all NRLN presenters are posted on the NRLN website at: www.nrln.org/2009-leadership-conf.pdf. I encourage you to view them since the brief descriptions here don't do justice to the presentations.

2009 Legislative Agenda Presented

Bob Foresta, Vice President – Legislative Affairs opened his presentation by identifying the members of the Legislative Committee and described the process for gaining input for the 2009 Legislative Agenda from Retiree Associations and NRLN committees. Among the 2009 Major Legislative Initiatives described by Bob are getting bills passed to protect defined pension plan assets; provide a Maintenance of Cost Payment to retirees whose benefits are eliminated; gain catastrophic coverage in Medicare; allow Medicare "buy-in" for retirees under age 65; participate in the national health care dialogue to protect retirees; reduce prescription drug costs through safe imports, competitive bidding and more generics, and gain tax deductions for health care premiums and costs – no AGI limit.

The entire 2009 Legislative Agenda and Major Initiatives are posted on the NRLN website at <http://www.nrln.org/NRLN%202009%20Legislative%20Agenda.pdf>. I urge you to take the time to read these documents if you have not already done so.

Work Done By HCAC & NPAC

Ed Bettinardi, Chairman of the NRLN Health Care Advisory Committee (HCAC), made a comprehensive presentation that described the work of the committee and provided valuable insights into the where Congress is headed with health care; what retirees need now in

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health care legislation; what needs to happen for progress to be made on health care reform; whether retirees might benefit from a national health care plan, and the Congressional Budget Office's analysis of the nation's health care landscape. I won't go into more details here about Ed's presentation because the work of the HCAC is featured in a separate article in this issue of FOCUS.

Frank Minter, Chairman of the NRLN Pension Advisory Committee (NPAC), and Michael Calabrese, NRLN Legal Counsel, worked as a team on a presentation about pension asset protection. Frank opened the presentation with the NRLN's positions that pension assets should only be used for pensions to retirees; Cost of Living increases to retirees, and to offset corporate health care costs when plan assets exceed 120 percent of plan obligations.

I could see heads nod approval when Frank showed his slide on the NRLN's positions on what pension plans should not be used for...cash lump sum buyouts during a corporate restructuring or other force reduction incentives; non-qualified pensions or deferred compensation to higher paid employees, and pension plans should not be bought by financial management companies or hedge funds.

Michael shared with the conference participants a confidential draft of a whitepaper he is working on about the protection of pension plan assets. When completed, the whitepaper is intended to be the cornerstone for drafting a bill to provide additional protections for pension plan assets. This is all that I want to say about our strategy at this time. When we are further down the road a full report will be provided in a future issue of FOCUS.

Grassroots & Communications Updates

Bob Martina, Vice President – Grassroots Network, provided a presentation on the status of the NRLN's efforts to favorably influence legislation for retirees by establishing a network of Capwiz database subscribers and state and Congressional district leaders to effectively communicate to members of Congress across the nation. Bob noted that the Grassroots Network Capwiz database now covers 99% of U.S. Representatives' districts and 100% of all Senators.

Ed Beltram, Vice President – Communications, reported on the NRLN's communications tools and initiatives. He noted that the number of Action Alerts and emails sent to Capwiz subscribers increased by 60 percent in 2008 over 2007. Ed presented the NRLN's plans for the FOCUS newsletter and communications with the news media.

Joe Sciuilli, NRLN Webmaster, presented data on the NRLN website that showed there were 165,000 visits in 2008, an 80% increase over the previous year and web pages viewed was up by 43 percent. These significant

increases are evidence that retirees are eager to know what is happening that impacts their retirement security and they are coming to the NRLN to learn what is being done to help them.

Ed and Joe then worked together to gain input from conference participants about proposed questions for the 2009 NRLN Member Survey that will be conducted this spring.

Efforts To Grow Memberships

The last presentation of the conference was by JoAnn Alix-Gagain, Vice President – New England Region and Chair of the Membership Committee and Bylaws Committee. She discussed efforts to increase the number of Retiree Associations affiliated with the NRLN. She noted that contacts were made with 20 Retiree Associations and new members in 2008 include the Chrysler National Retirement Organization, Ford FAIR Alliance and OverTheHillCarPeople, a network of General Motors Retirees. I want to add that as a result of being a guest at the conference the Delta Pilots Pension Preservation Organization (DP3) has joined the NRLN.

Meetings On Capitol Hill

In closing, I want to commend the conference participants who took the time while they were in Washington to schedule meetings with their U.S. Senators, Representatives or staff members. There is no substitute for this face-to-face contact on their Capitol Hill turf to communicate the expectations of their retired constituents. Next year, we will set aside a full day of the conference for these face-to-face meetings. I also want to thank those who took the time to come to Washington and more than double the size on any previous conference. We registered real gains on The Hill on 2008 and together, we will continue to make a positive difference in the lives of America's retirees through our influence on Congressional policy making.

A View From Washington

By Marta Bascom, NRLN Executive Director



Retirees have always known that, for better or for worse, there is extensive gridlock hampering efforts to get a bill through Congress and finally to the President's desk for his signature. What many Americans are not aware of is the maze of inter-governmental and special interest politics one has to get through to get a bill introduced. In the case of pensions, for example, there are multiple jurisdictions between Congress and the Executive Branch, each charged with a particular

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aspect of pension regulation. The response from each of these Congressional committees, Executive Branch agencies and outside interest groups has to be considered at every step of the way before you've even identified a member of Congress who might consider introducing the bill.

Jurisdictions Over Pensions

To illustrate this further, in Congress, there are four major committees with jurisdiction over pensions. In the Senate, there are the Committee on Health, Education, Labor and Pensions and the Committee on Finance. In the House, there are the Committee on Education and Labor and the Committee on Ways and Means. Each committee then further breaks down into subcommittees of jurisdiction.

On the other side of town, you have the Executive Branch which has several agencies and regulatory bodies involved in the issue. First, the Department of Labor houses the Employee Benefits Security Administration (EBSA), which exercises jurisdiction over pension and health care benefits. The Department of the Treasury, apart from having its own Office of Benefits Counsel, also houses the Internal Revenue Service (IRS) which also plays an important role in the administration of pensions. If a company goes into bankruptcy, its pension plan falls into the hands of the Pension Benefits Guaranty Corporation (PBGC) which undertakes the task of dispersing the funds at levels prescribed by law.

Stakeholders Have Constituencies

Then you have the other stakeholders who in some ways are equally as powerful. These are the special interest groups who each have a constituency of their own who care about pension issues. They fall into two categories: (1) nonprofit organizations such as the AARP and the Pension Rights Center, and, of course, the NRLN, and (2) corporate America. These are not minor players. The first category flexes its muscle through its grassroots base, especially the NRLN and AARP. The second opens up its wallet and spends countless numbers of dollars each year in its lobbying effort to influence policy governing pensions to its best advantage.

All of these government, nonprofit and for-profit stakeholders play a crucial role in establishing a coalition which would ideally galvanize Congress to introduce a bill and get it passed. Ideally, that is. What often happens is that some of the entities will strongly agree, others will strenuously oppose, and the rest will remain neutral. Sometimes, in the midst of debate, the players change sides.

Events Can Force Issues

At other times, current events, such as a downward spiraling economy, will take over and force the issue onto center stage. That brings us to another factor that is hard to plan but always hoped for, and that is opportunity. As the NRLN lays the foundation for moving an initiative in Congress to protect retiree pension assets, for example, we spy an opportunity amidst tragedy for so many Americans. We have an economy that is quickly going from worse to grave, a visible economic crunch on retirees as pensions and 401(k)s are decimated, and a new administration which campaigned on bringing a new approach to governing in Washington. These converging factors allow the NRLN to capitalize on the opportunity to get Congress and the Administration to act, help our allies, and perhaps force our opponents to retreat.

Retirees Must Fight For Attention

If it sounds like war, make no mistake – it is. Retirees will have to fight for every bit of the government's attention and support in these matters, and the competition for government dollars is steep. That is why understanding the process for getting things done in Washington is so important. This is why coalitions are crucial.

The axiom that it is wise to keep your friends close and your enemies even closer plays out over and over in Washington. The trick is to know which one is which.

NRLN's Health Care Advisory Committee Focused On Retirees' Interests



Ed Bettinardi

Practically every day there are stories in the news about health care solutions being advocated by the Obama administration, members of Congress, federal agencies, business coalitions, insurance companies, the pharmaceutical industry, medical associations and university professors, just to name a few. How does anyone sort through the proposals that are very complex and often downright scary?

This is where the NRLN's Health Care Advisory Committee (HCAC) provides a valuable service to the NRLN's leaders. For the past three years, the committee under the chairmanship of Ed Bettinardi, a Johns Manville Retirees Association member, has been following the developments in health care. His committee members include, John Kotson, an IBM retiree, and Hazel Floyd and Barbara Wilcox, both members of the Association of US West Retirees.

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"Through constant research and reading about health care issues and our regular meetings to talk about what we have learned, we have developed a high level of expertise in knowing what is taking place in the national dialogue about our country's health care problems," Bettinardi said "Our focus is to examine news reports, research publications, government reports, proposals and bills in Congress with an eye toward how retirees would be affected by proposed plans."

As HCAC Chairman, Bettinardi regularly provides input to NRLN leaders to shape the NRLN's Legislative Agenda and advocacy strategies on retirement health care issues. In addition, each year at the NRLN Leadership Conference in Washington, DC, he presents a comprehensive report on the health care landscape.

In this year's presentation, Bettinardi provided NRLN Retiree Association leaders a great deal of insight into a number of health care issues, including some proposals that are receiving serious consideration and others that are likely to fall by the wayside.

NRLN Supports NCHC Principles

"The NRLN has taken the position that it supports the five principles advocated by the National Coalition on Health Care," Bettinardi reminded the conference participants at the beginning of his presentation. "These principles are (1) Health care coverage for all; (2) Cost management; (3) Improvement of health care quality and safety; (4) Equitable financing, and (5) Simplified administration."

In response to a question whether health care coverage for all meant the NRLN was supporting nationalized health care, Bettinardi explained that health care coverage for all did not necessarily mean that it would be mandated and totally administered by the federal government.

"All Americans need some level of health care and there are many ways that this can be addressed," Bettinardi said. "The NRLN wants to make sure that retirees and the benefits they currently have through their former employers and Medicare are not diminished by any plans that could come about through federal legislation."

Bettinardi pointed to the "positions" in the NRLN's Legislative Agenda: ..Catastrophic coverage under Medicare; ..Expansion of Medicare through an under-65 buy-in program; ..Continued development of

health care information systems; ..Fixing the Medicare doctor payment issue; ..Fixing Medicare long term funding, and ..Fixing Medicare Part D.

The structure for the balance of Bettinardi's presentation was based on answering five questions and providing key points about an in depth report on health care by the Congressional Budget Office and he urged the retiree leaders to go online to read the CBO Analysis. There is only space in this newsletter for a cursory review of how Bettinardi answered the questions. Key slides from Bettinardi's presentation can be viewed at: www.nrln.org/2009-leadership-conf.pdf.

1. Where is Congress headed with health care?

Bettinardi said that long term Congress will address some type of national health care reforms. Short term Congress will take action on the State Children's Health Insurance Program (SCHIP), resolve Medicare payments to doctors, deal with the long term funding of Medicare and address changes in Medicare Part D. (The U.S. House passed its version of the SCHIP bill on Jan. 14 and at deadline time for FOCUS the Senate had not vote on the issue.)

2. What do retirees need now?

Bettinardi said the NRLN's short term efforts include: slowing or stopping "corporate health care robbery" by enacting legislation to provide a Maintenance of Cost Payment, a fixed monthly payment to retirees by employers who cut health care and other benefits. Legislation is needed to provide catastrophic coverage in Medicare by setting limits on annual out-of-pocket costs. Under age 65 retirees should have the option to buy in to Medicare at a cost that does not burden the system.

The Medicare Part D prescription drug plan should be modified to eliminate any gaps caused by year-end coverage interruptions. Medicare should negotiate to gain the best possible prices on prescription drugs for its plan participants. Legislation is needed to allow the importation of safe prescription drugs from FDA approved countries to expose drug prices to global competition and to increase access to lower cost generic drugs.

Retiree health care premiums, including Medicare premiums, should be tax deductible and exempt from the current 7.5% (AGI) limitation.



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3. **What needs to happen for progress?** Bettinardi noted that the NRLN's HCAC members attended a Town Hall Meeting in Denver with Tom Daschle, the new Secretary of Health and Human Services, who has been designated by President Obama to spearhead the administration's health care reform initiative. Based on the HCAC's analysis, the 111th Congress must grapple with the scope of a national health care plan, dealing with such issues as whether Medicare is included; who will have access; the range of covered services; which participants will be subsidized and by how much, and how the plan will be funded.

Bettinardi explained that work on health care plans are in progress in the Senate Health, Education, Labor and Pensions Committee chaired by Senator Edward Kennedy and in the Senate Finance Committee chaired by Senator Max Baucus. Other Senators who have agreed with Senators Kennedy and Baucus there should be comprehensive health care reform include Senators Grassley, Enzi, Rockefeller, Hatch and Dodd.

4. **What Key Issues need to be resolved?** The HCAC has determined the key issues to be resolved on health care reform include: ..Mandated universal coverage vs. adverse selection issue; ..Health care tax vs. subsidy vs. corporations; ..Employment based vs. excluding employers vs. combination; ..Degree of care "management" vs. administrative cost; ..Payment methods vs. provider incentives, and ..Relationship of Medicare, Medicaid, Federal Employees Health Benefits Plan, and Veterans Administration.

5. **Would retirees benefit from a national plan?** There were some relieved expressions in the conference audience when Bettinardi noted that every bill in Congress so far excludes Medicare. He cited from the CBO analysis: "Because the Medicare program already provides nearly universal coverage to the elderly, new

proposals generally focus on options for providing coverage to and reducing costs for the nonelderly population." Bettinardi added that the CBO analysis includes many good Medicare options, including catastrophic care.

In concluding his presentation, Bettinardi encouraged Retiree Association Leaders to "Stay Tuned." All NRLN members can be certain that the HCAC members will "Stay Tuned" to the national health care reform debate and will call on the power of the NRLN Grassroots Network members when there is a need to make the voices of retirees heard in Washington.

National Retiree Legislative Network, Inc.
The NRLN is the only nationwide organization solely dedicated to representing the interests of retirees and future retirees. Our mission is to secure federal legislation to protect retirees' employer-sponsored pensions and benefits plus keep Social Security and Medicare strong.

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