



# NRLN Focus



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## ***The NRLN Clarion Call ... Building the NRLN's Brand on Capitol Hill***

By Bill Kadereit, NRLN President



Once again the National Retiree Legislative Network held its Fall Fly-In to advocate key NRLN legislative issues in Washington, D.C. When U.S. Representatives and Senators and members of their staffs have appointments with leaders of retiree associations, chapters and the NRLN, we are building the NRLN's brand as an organization committed to retirement income security and reducing the cost of health care, especially prescription drugs.

The NRLN's advocacy efforts on Capitol Hill on behalf of retirees and future retirees is bolstered by our three times a year visits. Participation in the Fall Fly-In, Oct. 19 – 21, 2015 by 31 individuals from eight retiree associations, four NRLN chapters, three invited Congressional District Leaders and the NRLN staff further enhanced our ability to communicate the need to pass certain bills and the necessity to introduce other legislation important to retirees.

Our meetings in Washington, D.C. always begin at 2:00 p.m. which allows attendees who live in much of the eastern half of the nation to arrive that morning thus avoiding the expense of an additional night in the hotel. Our afternoon session is designed to brief attendees on the issues they will be advocating with members of Congress and their staffs. Also, we usually have one or more guest speakers to talk about an issue related to what we are advocating.

### **Guest Speakers from FDA**

This time our speakers were officials with the Federal Drug Administration (FDA). They were Domenic J. Veneziano, Director, Import Operations and Policy, and Karen C. Corallo, Esq., Director, Center for Drug Evaluation and Research. They were invited because we wanted to learn the FDA's position on the importation of lower cost prescription drugs. Their two presentations and responses to attendees' questions ran more than an hour.

We learned that the only objective of the FDA is that prescription drugs sold in the USA are safe and the FDA has no responsibility for trying to reduce the cost of medicines available to Americans. While the NRLN wants safe prescription drugs, we believe that safe prescription drugs can be imported from Canada at a price considerably less than the same drugs can currently be purchased in our country.

### **NRLN Staff Members' Presentations**

Michael Calabrese, NRLN Legislative Adviser, explained to attendees why they would be advocating in their Capitol Hill meetings the need for legislation that would require a pension plan sponsor to submit its proposal to merge two or more pension plans to the Pension Benefits Guaranty Corporation, Department of Labor and the Internal Revenue Service for possible approval before taking action. Currently, pension plan sponsors only notify the federal government after plans are merged.

Marta Bascom, NRLN Executive Director, briefed the group on two issues. The first was how the passage of the Multiemployer Pension Reform Act of 2014 last December changed the Employee Retirement Income Security Act of 1974 (ERISA) to give trustees of severely underfunded multiemployer pension plans the authority to cut pension benefits. She noted that the change to ERISA could set a precedent for

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other troubled retirement programs, including single-employer pension plans. She explained that the NRLN advocates passage of the Keep Our Pension Promises Act to prevent cuts in pension benefits to retirees in multiemployer pension plans.

Her other presentation was on the need for legislation to provide more transparency on the status of pension plan funding in the Annual Funding Notice (AFN) sent to pension plan participants. Currently, AFNs provided by many companies give retirees a false sense of income security by the information provided.

### Issues Advocated at Fall Fly-In

In the more than 70 appointments that attendees had with members of Congress and/or their staffs the following retiree issues were advocated:

- Pass Safe and Affordable Drugs from Canada Act (S.122 and H.R. 2228),
- Pension Plan Protection:
  - Need for legislation and/or regulatory rules for pension plan mergers,
  - Need for legislation and/or regulatory rules for more disclosures in pension plan Annual Funding Notices (AFN),
  - Pass the Keep Our Pension Promises Act (S. 1631 and H.R. 2844) to restore ERISA's original commitment that changed with the passage of the Multiemployer Pension Reform Act of 2014.



*Rep. John Moolenaar (MI-04), back row center, meets with Michigan Chrysler and Detroit Edison retirees*



*Paul Brown, ME-01 NRLN CD Leader meets with Rep. Chellie Pingree (ME-01)*

### Advocated Passage of S. 122 and H.R. 2228

Arizona Senator John McCain and Minnesota Senator Amy Klobuchar introduced S. 122 on Jan. 8, 2015 and since then it has been sitting in the Senate Committee on Health, Education, Labor, and Pensions (HELP). Representatives Chellie Pingree (ME-01) and Dana Rohrabacher (CA-48) introduced H.R. 2228, the companion bill in the House, on May 8, 2015. The bill is in the House Committee on Energy and Commerce's Subcommittee on Health.

The NRLN has sent letters to the chairs and ranking members of these committees urging them to call for a vote on the bills. NRLN Action Alerts have been issued and more than 5,000 letters have been emailed to members of Congress by NRLN grassroots advocates urging passage of the Safe and Affordable Drugs from Canada Act.

### Efforts of NRLN "Border Brigade"

A "Border Brigade" composed of NRLN grassroots advocates in 16 northern border states has been organized and individuals have sent letters to members of Congress requesting passage of the prescription drugs from Canada bills. A number of state and Congressional District leaders have sent letters to the editor citing the high cost of prescription drugs and the need to pass the bills that would allow the importation of medicines from Canada.

A "Border Brigade" leader in each state researched whether their state has or does not have laws regarding importation of prescription drugs. In September, the NRLN surveyed grassroots advocates in the 16 states and data gathered from the survey was used in a document presented in Capitol Hill meetings. (See separate article on information gained from the survey.)



*Clyde Just, NWB-USWest-Qwest Director, meets with Vonnie Hemple, staff member for Rep. Dave Loebsack (IA-02)*

### NRLN Advocates Importing Safe Canadian Rx

The NRLN believes that Americans should be allowed to import safe prescription drugs from Canada

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which would create major savings for consumers by bringing greater competition into the USA pharmaceutical market. We contend there is no justifiable reason that many Americans skip their medicines or forgo filling prescriptions because of high prices when safe prescription drugs can be purchased from reputable pharmacies in Canada at significantly reduced prices.

### **Protect Retirees in Pension Plan Mergers**

During meetings on Capitol Hill, Fall Fly-In attendees advocated the need for legislation to protect retirees' vested pension benefits from plan asset transfers in defined benefit pension plan mergers. Nearly 40 million U.S. retirees depend upon pension plan sponsor fiduciaries and the rules of the Employee Retirement Income Security Act (ERISA) to protect their accrued pension benefits.

However, there is a new form of financial reengineering being exercised by some company pension plan sponsors without advance approval by federal agencies with ERISA responsibilities. This action is the merging of pension plans as part of a strategy to benefit the plan sponsor by combining plans with very different levels of plan assets and liabilities. Depending on the circumstances, merging pension plans can be beneficial to plan sponsors and harmless to participants, such as when companies merge two well-funded plans to reduce administrative and other costs. The opposite can also be the case with harm to pension plan participants.



*Martha Deahl, NRLN Arizona Chapter President, meets with Noelle Hubbard, staff member for Rep. Martha McSally (AZ-02)*



*Bob Martina (left), NRLN Vice President - Grassroots, talks with David Coffield, staff member for Rep. Steve Scalise (LA-01)*

Members of Congress and/or their staff members were given two examples of the harmful merging of pension plans. Pension plan participants in a better funded Fiat Chrysler plan lost 6% of their plan's funding level because of the merger of plans. CenturyLink (CTL) merged three dissimilar plans and the post-merger combination of the three pension plans has effectively transferred 81,000 former Qwest plan participants from a very well-funded plan to one that would be at risk of a distress termination should the plan sponsor declare bankruptcy.

We advocated the need for legislation to require pension plan sponsors to submit the proposed merger (combination) of two or more qualified plans to the PBGC, DOL and IRS for review and approval. Avoidance of funding of underfunded plans, or any substantial reduction in the funding level of a merged plan, shall be a reason for denial.

### **More Disclosures Needed in AFNs**

Fall Fly-In attendees advocated the need for legislation and/or regulatory rules for more disclosures in pension plan Annual Funding Notices (AFNs). Our position would require legislation or regulatory changes to provide more pension fund disclosure and clarifications to retirees in their pension plan Annual Funding Notice (AFN). A proposed NRLN AFN format would reflect data no more than 180 days old, be shown in tabular form, and show all interest discount rates, annual minimum funding obligations and contributions and details of assets invested by class along with the rate of return earned on invested assets.

### **Advocated Passage of S. 1631 and H.R. 2844**

In December 2014, Congress passed the Multiemployer Pension Reform Act of 2014 (MPRA) that permitted trustees of severely underfunded multiemployer pension plans to cut pension benefits of current retirees. Over 10 million workers, retirees, and their families are counting on these earned retirement benefits for their retirement security. Congress revised 40 years of ERISA law to grant pension plan trustees broad powers to cut retired workers' pension benefits by 60% or more if they can



*Larry Smith (left), AT&T Ameritech/SBC Retirees Legislative Director and NRLN Board Member, and Austin Weatherford, Chief of Staff for Rep. Adam Kinzinger (IL-16)*



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Mike Stohlmeyer, John Deere Retirees Organization Executive Committee Member, with Danielle Janowski (left) and Margaret Pederson staff members for Iowa Senator Joni Ernst

show that would prolong the life of the pension plan. The change to ERISA is a big shift many retiree and consumer groups as well as several lawmakers fear could set a precedent for other troubled retirement programs, including single-employer pension plans.

The Central States Pension Fund, a prominent Teamsters pension plan with 407,000 participants, was the first in September 2015 to file a proposal with the U.S. Department of Treasury to reduce benefits under MPRA. The Treasury Department has 225 days to evaluate Central States' plan. If officials approve the reductions, the cuts would then be voted on by plan participants. But even if participants vote the plan down, the law says it could still be imposed.

While NRLN members predominately have single-employer defined benefit pension plans, we strongly opposed the MPRA bill when it was in Congress because it changed ERISA rules that had prohibited cuts to the

benefits of workers who have already retired and set a bad precedent that could also endanger single-employer plans.

Fall Fly-In participants lobbied for passage of the Keep Our Pension Promises Act (S. 1631 and H.R. 2844) to restore ERISA's original commitment that America's retirees do not need to doubt their retirement income security.

#### Fall Fly-In Documents and Photos Posted on NRLN Website

The executive summaries and talking points on the issues advocated during the Fall Fly-In can be read on the NRLN website at <http://www.nrln.org/talking.exec.sums.html>, or, go to [www.nrln.org](http://www.nrln.org) and click on the "Legislative Agenda" tab and select the "Talking Points & Executive Summaries" link. The executive summaries were in folders presented to Representatives and Senators and/or members of their staffs. The talking points were used by attendees to speak about these

NRLN initiatives.

In addition to the photos from the Fall Fly-In in this issue of FOCUS, other photos from appointments on Capitol Hill are posted on the NRLN website at: <http://www.nrln.org/2015FLYIN%20PHOTOS.html>.

#### Thankful for Participation in Fall Fly-In

The retiree associations that had representatives at the Fall Fly-In were: AT&T Ameritech/SBC Retirees (AASBCR), Detroit Edison Alliance of Retirees (DEAR), EKRA – Kodak Retirees, JDRO – A Family of John Deere Retirees, Lucent Retirees Organization (LRO), NWB-US West-Qwest, National Chrysler Retirement Organization (NCRO) and TelCo Retirees Association. The chapters represented included: Arizona/New Mexico, Utah/Idaho/Montana and Oregon/Washington State. The invited Congressional District Leaders who attended were from ME-01, OH-14, and WI-05.

I am thankful for those who attended the Fall Fly-In from the retiree associations, chapters and Congressional Districts. If you are a member of one of these groups, I suggest that you thank the leaders for their time and efforts to represent you and all retirees with our nation's policymakers.



Joe Huber, National Chrysler Retirement Organization Director, and Allison Witt Poulos, staff member to Rep. Bob Latta (OH-05)



Bob Wincek (left), Congressional District Leader (WI-05) with Jacob Peterson and Erik Kinney (right), staff members for Rep. Jim Sensenbrenner (WI-05)



Paul Brown (left), ME-01 NRLN CD Leader meets with Rep. Bruce Poliquin (ME-02)



## NRLN's Research on Prescription Drugs

In preparation for advocating passage of the Safe and Affordable Drugs from Canada Act of 2015 (S.122 and H.R. 2228), the NRLN did considerable research into expenditures for prescription drugs and included the information in a document presented during all Capitol Hill appointments.

One of the biggest financial burdens for America's seniors today is the skyrocketing cost of prescription drugs. Hitting them at the time of their lives when they need them the most, retirees are facing the day-to-day challenge of being able to pay for life-saving medication. A great many seniors are choosing between off-setting the cost in their budget with cuts to food and other necessities, or by trying to stretch out their drug supply by cutting the prescribed dose in half or worse, simply going without.

Just over the U.S. border in Canada, those same drugs are sold for a significantly lower cost and many Americans could benefit from this if federal law allowed importation of prescription drugs from Canada for personal use.

### The Facts About Prescription Drug Increases

Global spending on prescription drugs is forecast to reach nearly \$1.3 trillion by 2018, an increase of about 30% over the 2013 level. Spending on prescription drugs surged 13% in 2014 to a record \$374 billion, according to a report from IMS Institute for Healthcare Informatics. This constitutes the largest increase in the pace of prescription drug spending since 2000-2001, when drug spending rose by 16%, and significantly faster than the 6.8% spending growth projected by the Centers for Medicare & Medicaid Services (CMS). That amounts to \$995 per person according to an April report by IMS, triple the amount Americans spent in 1995 when adjusted for inflation.

A poll by the Henry J. Kaiser Family Foundation released on June 16, 2015 indicates that most people believe the costs of prescription drugs are "unreasonable," with 77% citing the drug company profits and 64% citing the high cost of medical research as major factors contributing to the costs. The report noted, the majority of respondents said that addressing high drug costs should be a top priority for Congress and the President.

### NRLN Survey on Canadian Drug Importation

In early September 2015 the NRLN did an online survey of its members in 16 northern border states aimed at just Canadian drug importation. Of the 1,701 members who responded, some fearing to respond despite a guarantee of anonymity 169 admitted to buying prescription drugs from Canada. Those who did claimed significant savings: 64% who purchased brand label drugs claimed savings of 41% or more with 44% claiming over 50%, and 66% who said they bought generic drugs claimed savings of 41% or more with 54% claiming over 50% savings.

Eighty-four percent said they buy from a single Canadian pharmacy, 68% said they have been buying there for 2 or more years. Delivery times varied but 30% said it took over 2 weeks to receive some products. Despite this, 97% said they were happy with delivery service and only 1 reported being unhappy with quality.

Only 8% said they travel to Canada to buy prescription drugs personally, in rounded percentages, 16% order by mail, 32% by phone/fax and 56% over the Internet. Only 5% of the respondents said they paid in cash, 25 % paid by check, 65% paid by credit/debit card, 3% by EFT and 3% other.

### NRLN's Conclusion

The NRLN's conclusion in its document presented to members of Congress and their staffs was that purchases of prescription drugs from Canada, America's most trusted trading partner, the risk is negligible.

Any delay in enacting the Safe and Affordable Drugs from Canada Act of 2015 to ease the financial burdens of aging America in this manner is unconscionable.



## Responding to Action Alerts is Important to NRLN Success

By Bob Martina, NRLN Vice President - Grassroots



**Why you are important to our success. Action Alerts are a major tool for us. Five minutes well spent. Empower yourself. Do your part and get on the team. Turn up the heat in Washington, DC with Action Alerts.**

The NRLN doesn't make political contributions, throw parties and dinners for politicians or give them gifts or take them on trips to exotic "study" locations. So what do we rely on to influence Congress? It is you and our leaders in the field, the Congressional District (CD) and state leaders.

All NRLN grassroots advocates (all members) are asked to respond to all Action Alerts. Action Alerts have helped to turn around bills in Congress we opposed and helped the initiation/passage of others that we supported. Members of Congress are sensitive to constituent input and it has been proved time and time again, the squeaky wheel gets the grease (or attention).

While thousands of NRLN retirees are responding to Action Alerts, there is a tendency for many to ignore following up to send messages needed to protect pensions, Social Security and Medicare and to seek lower prescription drug costs, etc. . Despite the room for more participation, we have had some successes. Imagine what our successes would be if our current number of responders was doubled or tripled. These Action Alerts are very important to getting congressional attention, even more so in sparsely populated states where we have few members. (These states have two senators like all other states.) Please help us help you!

Yes, we do have a lobbyist in Washington, DC and we do write letters to congressional committees and regulatory agencies, but we need more pressure from constituents on their members of Congress. We ask CD leaders to do more, such as submit letters to the editors or call or drop in on the local congressional offices with our position papers. Anyone with a Facebook or Twitter account can also easily send a message to their congressional reps. Guidance for all our methods can be found at <http://www.nrln.org/documents/NRLN%20Choose%20Your%20Method%20to%20Influence%20Congress.pdf>.

The current Action Alert is shown on our website at <http://www.congressweb.com/NRLN>. Again, the Action Alert system is a primary tool for getting congressional attention. Action Alerts take less than five minutes to send a message to both Senators and your Representative in one shot, so use this powerful tool and turn up the heat in Washington, DC. Don't wait for others to do it, participate – Get'er done!



## A View From Washington

By Marta Bascom, NRLN Executive Director

### Congress Performs Magic Trick in Budget Deal

This one is called "The Disappearing Pension Assets" trick which puts retirees' pension assets at risk while simultaneously appearing to "make" money to pay for expenses in the federal budget. This isn't a new one for retirees relying on healthy pensions, unfortunately,

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but the fuzzy math works too well members on both sides of the aisle to give it up.

Here is how it works: Congress needs to find money - or what looks like money on paper - to pay for budget items in order to consolidate a deal and get the budget passed. The scheme involves allowing companies to forego contributing to the plan for a period of time, contributions which would have gone tax-free, and become funds which are then taxable by the federal government. Ta-daaaa! New found "money" is now counted toward paying for programs which have nothing to do with retirees' pension plans and the financial security which is so vital to so many seniors.

Congress began practicing this trick to fund highways a few years back and have continued to pull it out of the hat ever since. Companies are not required to forego contributing to the plan which makes the actual benefit of this policy toward paying for federal programs in this budget cycle even fuzzier. The danger for so many seniors, of course, is that missed contributions can lead to destabilization in a pension plan.

The plan sponsor may be in good financial shape this year but run into trouble in the future and endanger the plan.

Too many of the NRLN's members know that this can lead to significant asset loss and even greater losses if the plan lands at the Pension Benefit Guaranty Corporation (PBGC).

Policymakers have made it abundantly clear that they view defined benefit pension plans to be about as relevant in today's economy as conversational Latin is to pop culture. Nonetheless, it is mystifying and irresponsible that Congress persists in using retirees' money - as little as pension funds provide these days - in order to pretend that the federal government has more money to play with than is really available. They are relying on voters not noticing or understanding the ramifications of what they've done but everyone should be clear on the fact that the sums they've raised on paper does not come from responsible governance.

Our government is risking our seniors' financial security from all sides now. Apart from dangerous, coming from the Congress of the United States of America, it's downright embarrassing.

#### **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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