



NRLN Focus



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Summer 2016

The NRLN Clarion Call ... Pain around the Corner – Stepping up to the Challenges By Bill Kadereit, NRLN President



In my last writing called “Pain around the Corner – Pensions”, I talked about the need for all of us to take the lead, to get ahead of the curve by getting laws changed to mandate pension plan funding so that when companies struggle financially, or worse file for bankruptcy, that we are not victims of gross underfunding that can lead to pension plan terminations.

I sighted what is happening to Multi-employer plans and the Central States Teamsters in particular, a TVA pension plan funded at 53%, and the Chrysler and CenturyLink plan mergers. There are other examples but suffice it to say these examples are in front of us and there is still a lot of work to do. Congress seems bent on enacting bills that support lower pension plan funding which reduces expense thus increasing corporate income and federal tax revenue. Congress has been creating these “pay fors” as they are called and they continue to take what they see is the safe way to spend this tax revenue on other federal programs at the expense of pension plan funding.

On the health care agenda side of things we have lobbied and seen bills we support be passed but as with pension bills we want to get more bills introduced and passed that would help retirees.

Future Retirees May Face Privatization of Medicare

The most significant challenge we will face this year, maybe for years to come was expected to be announced in June. According to news reports a conservative U.S. House was expected to roll out privatization of Medicare for future retirees. The aim of this band of thieves has been to hide the fact that as conservatives, they are 100% behind paying insurance companies outright subsidies (Yes, conservatives who want to give away taxpayer money in the form of “premium support” [vouchers] from the Medicare Trust to the insurance industry). This giveaway is based upon insurance company promises that they will compete and eventually lower the cost of Medicare. My question is, so where have you been! The insurance industry is the largest contributor of all industries to election campaigns! These congressional leaders are nuts to claim conservative glory. Instead, this will be a corporate bonanza! More to come, soon.

As you know the NRLN has been reasonably successful at encouraging the introduction of health care cost containment bills and as I alluded to above in lobbying for some that have passed. However, the bulk of them find tough sledding because of resistance in Committees of Jurisdiction where Chairmen control what comes in and goes out. Party politics stall the legislative process and kills good ideas and the willpower to create sound public policy.

(Continued on page 2)



(Continued from page 1) **The NRLN Clarion Call ... Pain around the Corner**

NRLN Whitepapers Tool for Lobbying

Our Whitepapers have been a mainstay for us as a tool in our lobbying on the Hill and in States and Congressional Districts across the U.S. They have helped to define issues clearly to our membership and members of Congress and have offered proposed solutions that members of Congress, their own staffs and Committee staffs have respected. Each year we evaluate the need to update them to keep them relevant and accurate. However, not all persuasive proposals get drafted to be proposed as bills.

We are now in position to continue to maintain our whitepaper regimen but will take another action at Stepping up to the Challenges. We are in the second year of operating the American Retirees Education Foundation (AREF) and will use some of the tax-deductible contributions to transform our whitepaper proposals into draft bill proposals that we can take to the Hill. This will enable our Washington, D.C. staff, grassroots advocates in states and those who come to our Washington D.C. Fly-Ins to lobby for whitepaper proposals and then ask for endorsement of our draft bills. We hope to take at least one new draft bill to the Hill during our September Fly-In.

NRLN 2016 Survey Results Provides Valuable Information

Between May 2 and June 5, 2016, there were 6,737 NRLN grassroots advocates who participated in all or parts of the 2016 NRLN Future Directions Survey, a significant response rate of more than 54% of those who opened the email invitation to access the survey.

"I want to thank the individuals who took the time out of their day to respond to survey, providing the NRLN, retiree associations and chapters valuable information about their concerns, what we are doing to represent them and whether we have set the right priorities," said NRLN President Bill Kadereit. "I was impressed that 212 individuals who volunteered to provide assistance to the NRLN. We will review their input and contact those who have identified skills that we need."

Kadereit said the data in the survey will help the NRLN and its retiree associations and chapters gain a better understanding of what is important to retirees and future retirees plus indicating whether we have set the right priorities.

Survey Demographics

Participants in the 2016 survey are retired from 107 companies and public entities with nearly 2% of those responding still employed. Among the survey participants 81% were salaried retirees. Formerly union represented retirees composed 14% of the survey participants. The balance of those responding included vested former employees with future pensions, spouses or surviving spouses of retirees and active employees.

The NRLN requested the age ranges of the survey participants since certain age milestones are significant. For example, at age 70 ½ retirees are required to begin taking annual distributions from their 401K savings plans and I.R.A's. The 70 and older age group represented 58% of the survey participants.

At age 62, retirees are eligible for Social Security and at age 65, they become eligible for Medicare. The survey participants between age 65 and 70 accounted for 28%. Those ages 55 to

(Continued on page 3)



(Continued from page 2) ***The NRLN Clarion Call ...NRLN 2016 Survey Results***

64 represented 13% of the survey participants. Combined, those age 50 to 54 and younger than 50 accounted for 1% of the participants.

Thirty percent of those responding have been retired 20 or more years and 47% have been retired between 10 to 20 years. Fifteen percent have been retired between 5 and 10 years. Five percent have been retired between 1 and 5 years. One percent has been retired less than a year and 2% were not yet retired.

The following demographics demonstrate the importance of the NRLN's mission to protect retirees' pensions, Social Security and Medicare:

- 75% receive a defined benefit pension.
- 25% receive half or more of their income from Social Security.
- 56% receive 25% to 49% of their income from Social Security.
- 22% stated they could not make it financially if their Social Security payment was reduced.
- 64% are on traditional Medicare and 78% of those individuals have a Medigap supplement plan.
- 21% have a Medicare Advantage plan.

Highest Agreements

The highest levels of agreement—more than 80%—among survey participants included:

- 98% agreed the NRLN should advocate legislation that stops corporations from taking pension assets to be use for non-pension expenses.
- 98% agreed the NRLN should advocate legislation that protects retirees' pensions and benefits in corporate mergers, acquisitions and spin-offs.
- 97% agreed the NRLN should advocate bankruptcy reform that place retirees' pensions and benefits on a list of obligations that companies can't shed.
- 96% agreed the NRLN should advocate legislation that prevents drug companies from colluding to control pricing or subvert free markets.
- 95% agreed the NRLN should continue to exist.
- 95% agreed the NRLN should advocate that the Pension Benefits Guaranty Corporation be required to ensure equitable calculations of benefit payments.
- 93% agreed the NRLN's highest priority been assuring that companies are able to pay pensions as promised by getting strong pension laws passed.
- 93% agreed the NRLN should advocate legislation to require pension plan sponsors to submit a proposal to the Department of Labor, Treasury Department and/or the Pension Benefit Guaranty Corp. before merging plans.
- 93% agreed the NRLN should advocate legislation to require Medicare to take competitive bids for prescription drugs.
- 92% agreed the NRLN should advocate legislation or regulations protecting retirees in "de-risking" situations when a pension plan sponsor converts a pension plan to an annuity.
- 91% agreed the NRLN has been beneficial to retirees.
- 91% agreed the NRLN should advocate legislation to legalize the importation of safe and cheaper prescription drugs.



(Continued from page 3) **The NRLN Clarion Call...NRLN 2016 Survey Results**

- 89% agreed the NRLN should do more to advocate for legislation that would increase competition to lower retiree's cost of all health care services and products.
- 89% agreed the NRLN should advocate legislation or regulations to expand disclosures in the Annual Funding Notice for pension plans.
- 89% agreed the NRLN should advocate legislation to accelerate bringing generic drugs to market.
- 86% agreed the NRLN should advocate protection of Social Security by a small increase in the payroll tax rate and increasing the cap on maximum wages taxed.
- 86% agreed that many American retirees age 65 and older who are Medicare eligible are held hostage to higher costs for their Medicare supplement (Medigap) plans or their Medicare Advantage plan because of a pre-existing medical condition. NRLN should advocate legislation to end this discriminatory practice.

Health Care and Life Insurance

Forty-four of the survey participants have access to health care benefits provided by former employers and 41% receive coverage supplemental to Medicare from former employers. Twenty-four percent have catastrophic health care coverage from their former employer. Thirty-one percent of the survey participants receive their prescription drug plan from their former employers.

On the issue of life insurance, 44% of survey participants have a life insurance benefit from their former employers, but 27% have had the amount of their company-sponsored life insurance reduced and 14% have had their company-sponsored life insurance eliminated.

Impact of Health Care Costs

Survey participants were asked to rank order health care cost factors, including premium costs that affect their annual budget, on a 1-5 scale with 1 being the highest cost. The results were:

1. Premium Costs.
2. The deductible I pay before coverage kicks in.
3. The copay I pay the Hospitals, Doctors or Rx Drug providers every time I have a claim.
4. The co-insurance I pay – the amount I am liable for after premium, deductible, copay and insurance payments.
5. The total cost I pay when my insurance simply does not cover or pay anything for treatment.

Survey participants were asked based upon what you know, from what you hear, see and have experienced, please rank order from 1-6 with 1 being the highest, which health care annual cost increases you believe are out of control (least rational).

1. Hospital service and Materials Costs.
2. Prescription Drug Costs
3. Insurance company Premium Costs.
4. Physician's Fees.
5. Medicare Supplement (Medigap) Costs.
6. Medicare Advantage Costs.



(Continued from page 4) ***The NRLN Clarion Call...NRLN 2016 Survey Results***

Social Networking Media

With the advancement of social networking media, there were questions about the use of Facebook, Twitter and viewing of YouTube-type videos.

- 46% said they use Facebook.
- 12% said they have visited the NRLN's Facebook page and half of those have "Liked" the page.
- 0.8% said they have received Twitter messages from @NRLN3.
- 1.0% said they have received Twitter messages from @NRLNupdate
- 24% said they have viewed NRLN videos on the NRLN website at www.nrln.org
- 7% said they have viewed NRLN videos at www.YouTube.com

Improvements Needed

Kadereit said he would like to see grassroots advocates make improvements in four areas. Over half of the survey participants (53%) have not read the NRLN's 2014 Legislative Agenda. (It is available to read on the NRLN website home page at www.nrln.org by clicking on the "Legislative Action" tab).

Only 57% of the survey participants usually read and take the action requested when the NRLN sends out an Action Alert. Kadereit said this needs to improve in order to have a stronger voice with members of Congress from voters back home.

Only 19% of the survey participants visit the NRLN website a few times a month or more. Kadereit noted that news articles on Social Security, Medicare, retirement, health care, prescription drugs and legislative issues are posted daily on www.nrln.org and it is a good way for retirees to be informed on issues that can impact their lives.

"The fact that the NRLN website averages around 400 visits a day is an indication that many individuals are finding value in the website's content, Kadereit said. I encourage our grassroots advocates to visit www.nrln.org a few times each week to click on links to articles and while on the website click on the "Legislative Agenda" link to become familiar with the NRLN's legislative priorities."

More Survey Data on Website

There is not sufficient space in this newsletter to report all of the survey responses so the NRLN has posted a link on the NRLN home page at www.nrln.org to the entire data from the survey except for demographics on retiree association and chapter affiliation and the responses to questions where personal comments were given or personal contact information was provided. NRLN leaders will be reviewing all feedback presented and the information submitted by volunteers.



A View From Washington

By Alyson Parker , NRLN Executive Director

Medicare Reform – This Could Hurt Your Wallet

We hear constantly that Medicare reform is necessary to save the program not only for today's seniors, but also for future retirees to come. This is true - nobody on Capitol Hill disputes this. According to the Congressional Budget Office, Medicare's Hospital Insurance Trust Fund is expected to run out of money by 2026. Additionally, the record number of people reaching retirement which is expected to reach 82 million by 2030, the reduction of workers to pay the tax that pays for Medicare, and the rise in health care costs will require an increase in federal spending on Social Security and Medicare over the next ten years and continuing. These factors are putting pressure to reform the Medicare system NOW.

What Is Being Proposed?

Politicians and policy wonks have different ideas on how to fix Medicare - privatization, increase the eligibility age, means testing, etc. The House has proposed and plans to move through the "premium support options" for seniors. The "premium support plan" is similar to the "Voucher Plan" Speaker Ryan advocated when he was Chairman of the House Ways and Means Committee. How would this work? Seniors would be given a defined contribution i.e. a pot of money, to purchase either a Medicare Advantage type private health plan managed by an insurance company or the traditional Medicare plan.

How Will Privatization Affect Me?

The devil is in the details because when these plans have been examined in depth, experts have found that these plans would cause premiums to rise for Medicare recipients. The Congressional Budget Office determined that under the "voucher plan" premiums for traditional Medicare would be 50% higher by 2020 than current projections. Professor Brian Biles, who teaches Health Policy at George Washington University, researched the premium support option and has predicted that changing Medicare to a premium support system could trigger cost increases for beneficiaries in Medicare Advantage as well as those in traditional Medicare.

Do we really want our health care decisions to be dictated by the profit margins of an insurance company? We have all dealt with insurance companies and we know that it is not necessarily your health that they put first when allowing or denying a test.

Congress currently subsidizes the insurance companies offering Medicare Advantage plans. It is just plain wrong to be subsidizing insurance companies with money from the Medicare Trust Fund when clearly this is the last industry that needs to be subsidized. Another interesting question is if privatization is the answer, why do we need to induce the insurance companies to participate. Is this a good use of taxpayer money?

Unanswered Questions on Medicare Reform

Clearly there are a lot of unanswered questions and what Medicare reform will look like will, in part, depend on what happens in the 2016 Presidential elections and who gets control of the Senate. If Clinton is elected, she has promised that she will fight privatization of Medicare. Trump, on the other hand, wants to undo Medicare cuts where hospitals are rewarded for reducing spending on senior's health care, i.e. not running as many tests, etc. Trump has also indicated that he does not agree with Speaker Ryan on the premium support options.

As we all know, however, things change once a candidate is in office. Promises they made on the campaign trail are not necessarily the position they will take once they are in office. Promises are negotiated away and deals are cut. If you think that politicians and Congress will protect your interests as this legislation moves forward, remember that these are the same people that allowed companies to not fully fund their pension plans so there would be more taxable corporate income to fund transportation projects, etc.

(Continued on page 7)



(Continued from page 6) **A View From Washington**

Where Does the NRLN Stand?

The NRLN opposes privatization of Medicare and the premium support option because it will make traditional Medicare more expensive and force seniors to switch to private plans that are not as beneficial. Instead of shifting more costs to seniors who are on fixed incomes, Congress should eliminate the subsidies to insurance companies and address the inefficiencies in the Medicare program - fraud, overhead and government bureaucracy.

What Can We Do?

We need to remind Congress that retirees face economic hardship because of rising prescription drug prices, catastrophic illnesses that lead to financial hardship (because there is no catastrophic cap for seniors/retirees under Medicare or Medicare Advantage that younger Americans have under Obamacare) and the rising cost of living. Shifting more health care costs to seniors through privatization of their health care is not fair to seniors living on a fixed income and who rely on Medicare as a safety net.

The NRLN and its members need to be vigilant in the coming years to make sure our voices are heard. Let's remind members of Congress that seniors vote. We can do this by visiting district offices, attending town hall meetings, writing letters and encouraging other retirees to get involved. There is power in numbers so if everyone bands together, we can steer where the Medicare reform train is headed.



Dates Set for Fall 2016 and Spring 2017 Meetings in Washington, DC

Grassroots advocates of the NRLN, retiree associations and chapters will meet in Washington, DC with members of Congress and their staffs during the fall 2016 Fly-In and the spring 2017 Annual Leadership Conference. The Fly-In will be Monday, Sept. 25 through Wednesday, Sept. 28, 2016. The Annual Leadership Conference will be Monday, March 13 through Wednesday, March 15, 2017.

The Holiday Inn Capitol Hotel, the site of our fall 2015 Fly-In at 550 C Street, SW Washington, DC, was selected again because the feedback from attendees was positive and the very competitive nightly room rate near Capitol Hill of \$259 in Sept. 2016 and \$249 in March 2017.

During both meetings, Monday afternoon will include presentations on NRLN issues and legislative priorities. Attendees will spend the entire day of Tuesday and part of Wednesday meeting with their Representatives, Senators and members of their staffs. Also, the NRLN will arrange for meetings with the staffs of Congressional committees who have legislative jurisdiction over retirement issues.

Both the Fall Fly-In and Annual Leadership Conference are open to any NRLN grassroots advocate. Advocates who are affiliated with a retiree association or chapter should notify the president of their organization if they are interested in attending.

Presidents of retiree associations and chapters affiliated with the NRLN are encouraged to solicit as many of their Grassroots State and Congressional District leaders as possible to attend the conference. The sooner the NRLN is notified of intentions to attend the meetings the better it will be for the NRLN to make plans for the conference. Email intentions to attend and/or questions to contact@nrln.org.

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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