

**NRLN**

NATIONAL RETIREE  
LEGISLATIVE NETWORK



# Villages Chapter





## What to Expect – A new President and 115th Congress

- Executive Branch Regulatory Changes, Federal Agency Staffing Push- Execute as Promised.
- Early Disconnects Between President & Congress on ACA Repeal/Replace and Tax Reform (cut corporate rate from 35% to 15%; reduce individual tax brackets from 7 to 3, with levels of 10%, 25% and 35%; repatriation rate of 10% on foreign cash)
- Speaker Paul Ryan's Medicare Privatization Zeal
- Social Security Saber Rattling or Real?
- President Trump released his first budget on March 16 but didn't touch Medicare or Social Security



## **NRLN Position on ACA Repeal/Replace Save Retiree Medicare Benefits**

- **Save annual wellness examinations.**
- **Save the provisions that preserve funding to close the Medicare Part D “Donut Hole”.**
- **Save 0.9% Medicare Part A payroll tax on earnings over \$200,000.**
- **Save 14% Subsidies for Medicare Advantage Plans – Use General Revenue to Pay.**
- **Save Medicare Advantage “Community Rated” Premiums & 85% Payout Minimum.**
- **Save Health and Human Services Innovation Center.**
- **Rewarding health care providers that improve health outcomes.**
- **Add catastrophic coverage for Medicare participants.**

*Sources: Congressional Budget Office (CBO) report 50252, KFF issue briefs, MedPac*



## **MEDICARE IS AT RISK !**

- Speaker Ryan in a May 12 radio interview in Wisconsin said his blueprint for privatizing Medicare would advance in House Budget Committee this year.
- This despite President Trump saying during campaign and in Oval Office that he would not touch Medicare.
- NRLN has worked against privatizing Medicare since 2010 when Rep. Ryan, then Budget Committee Chairman, introduced his voucher plan. It passed in the House in April 2011.
- Ignited a firestorm of opposition from Democrats, America's seniors and the general public. Ryan's bill died in the Senate.



## **MEDICARE IS AT RISK !**

- Congressional Budget Office's analysis of voucher plan concluded turning Medicare over to private insurance plans would result in seniors paying twice as much for their care, raise administrative costs and will not keep medical inflation as low as traditional Medicare has done.
- Now, as Speaker Ryan, he is referring to his plan to privatize Medicare as "premium support".
- Speaker Ryan could have powerful allies in President Trump's Administration:
- HHS Secretary Tom Price supported privatizing Medicare when he was a Congressman.
- OMB Director Mick Mulvaney, a budget hawk when in Congressman, told CNBC on April 12 he is keeping door open for President Trump approving some kind of overhaul of Medicare or Social Security.



## **MEDICARE IS AT RISK !**

- “Premium Support” would give Americans who become eligible in the future for Medicare a set amount of money to buy health insurance rather than Medicare's fee-for-service system where the government pays doctors and hospitals based on the services they provide.
- If passed, beginning in 2024, Medicare beneficiaries would be given a choice of private plans competing alongside the traditional Medicare program on a newly created Medicare Exchange.
- Individuals going with traditional Medicare to ensure more protections may have to pay out of pocket. "They might have to pay more and they might have to pay a considerable amount more depending on where they are," said Stuart Guterman, a senior scholar at the Commonwealth Fund. "It's not overtly phasing out Medicare, but it does clearly put pressure on some folks in some areas."



## **MEDICARE IS AT RISK !**

### Two Important Questions

Is Speaker Ryan being influenced to push his “premium support” plan by the insurance industry that according to OpenSecrets.Com, the Center for Responsive Politics, contributed over \$860,000 in campaign and leadership PAC contributions to Representative Ryan in 2015 – 2016? You be the judge.

HHS Secretary Tom Price told CBS’s “Face the Nation,” on March 5 that the White House believes Medicare is a guarantee for seniors when asked about Speaker Paul Ryan’s comments that cuts to Medicare remain an “open question.”

If the House and Senate passed “premium support” for Medicare Will President Trump veto it?



## SOCIAL SECURITY AT RISK!

### Facts on Social Security's importance to many Americans

- 171 million people work and pay Social Security taxes.
- 61 million people receive monthly Social Security benefits.
- 10 million of the 61 million receive disability benefits.
- \$1,355 per month is the average Social Security retirement benefit.
- 65% of recipients rely on Social Security for more than half of their retirement income.
- 36% rely on Social Security for 90% or more of their income.



## SOCIAL SECURITY AT RISK!

### Facts on Social Security's importance to many Americans

- 32% decline in seniors' poverty rate as a result of Social Security income.
- 71% of unmarried seniors rely on Social Security for half of their monthly income.
- 3 in 5 baby boomers anticipate counting on Social Security for half of their monthly income.
- 66 full Social Security benefit age for people born between 1943 and 1954.
- 66 and 2 months if born in 1956; up to 66 and 10 months if born in 1959.
- 67 full Social Security retirement age when born 1960 or later.



## SOCIAL SECURITY AT RISK!

### Retirees Are Losing Buying power

- There was no Cost-of-Living (COLA) increase in 2016.
- The COLA for 2017 was 0.3% (less than \$5.00 a month).
- This was more than taken away from some Medicare beneficiaries had sharply higher "Part B" monthly premiums.
- Since 2000, Social Security beneficiaries have lost 23 percent of their buying power according to a 2016 senior cost survey by The Senior Citizens League.
- This is based on the cost of key items in a typical retiree's budget, particularly influenced heavily by higher medical and prescription drug costs.



## SOCIAL SECURITY AT RISK!

### Trust Fund Status

- Social Security Trustees reported in 2016 the trust fund had \$2.8 trillion in reserves at the end of 2015.
- Social Security had surplus since 1982 and projected through 2019.
- By 2020 Social Security begins paying more than coming in annually.
- By 2034 Social Security Trust Fund expected to be completely depleted.
- After this point, the incoming tax revenue will only be enough to cover about three-fourths of promised benefits.
- Between 2009 and 2016, projected long-term shortfall for Social Security more than doubled from just over \$5 trillion to \$10.7 trillion.
- The baby boomers (more of them) began receiving Social Security and Americans are living longer collecting Social Security benefits.



## **SOCIAL SECURITY AT RISK!**

### **Payroll Funding of Social Security**

- In 2017, the payroll tax (FICA) rate of 6.2% for employees and employers, assessed on earned income was raised to \$127,200 from 118,500.
- About 6% of American wage earners had earnings that exceed \$118,500.
- About 12 million people are impacted by raising the cap to \$127,200.
- Eliminating the earnings cap would resolve 70% to 90% of Social Security's funding issue with no benefits cuts.



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## **SOCIAL SECURITY AT RISK!**

### **Will President Trump Keep Promise on Social Security?**

- One of Donald Trump's key promises during his presidential campaign was that he would leave Social Security and Medicare as is.
- President Trump has suggested that America has an obligation to its seniors to honor its commitment to pay their Social Security benefits.
- "I said I'm not touching Social Security," the president reiterated to Fox News in February.
- Trump could just leave Social Security alone, as many presidents before him have done. However, that option, most experts believe, is Trump's least likely course of action.



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## **SOCIAL SECURITY AT RISK!**

### **Will President Trump Keep Campaign Promise on Social Security?**

- President Trump is said to be seriously mulling over eliminating the Social Security payroll tax which has funded the program since its inception in 1935.
- If he did that, he would need to find another revenue stream and President Trump has hinted that he has a plan for a new funding source.
- If President Trump asked Congress for legislation to replace the payroll tax, experts speculate he could propose a new tariff on imported goods.
- Another possibility could see a value-added tax replace the payroll tax.
- At this point eliminating the payroll tax is only rumor and speculation.



## SOCIAL SECURITY AT RISK!

### Will President Trump Keep Campaign Promise on Social Security?

- Both President Trump and Vice President Pence once believed in partial privatization of Social Security.
- House Speaker Paul Ryan has stated a desire to privatize the Social Security.
- Mick Mulvaney, Director of the Office of Management and Budget, is on record favoring a partial privatization of Social Security and raising Social Security's full retirement age to 70.
- Mulvaney said on a radio show that Social Security cuts beyond the 2018 budget could be a genuine possibility.
- He said, "There are ways that we can not only allow the president to keep his promise but help him keep his promise by fixing some of these mandatory programs."



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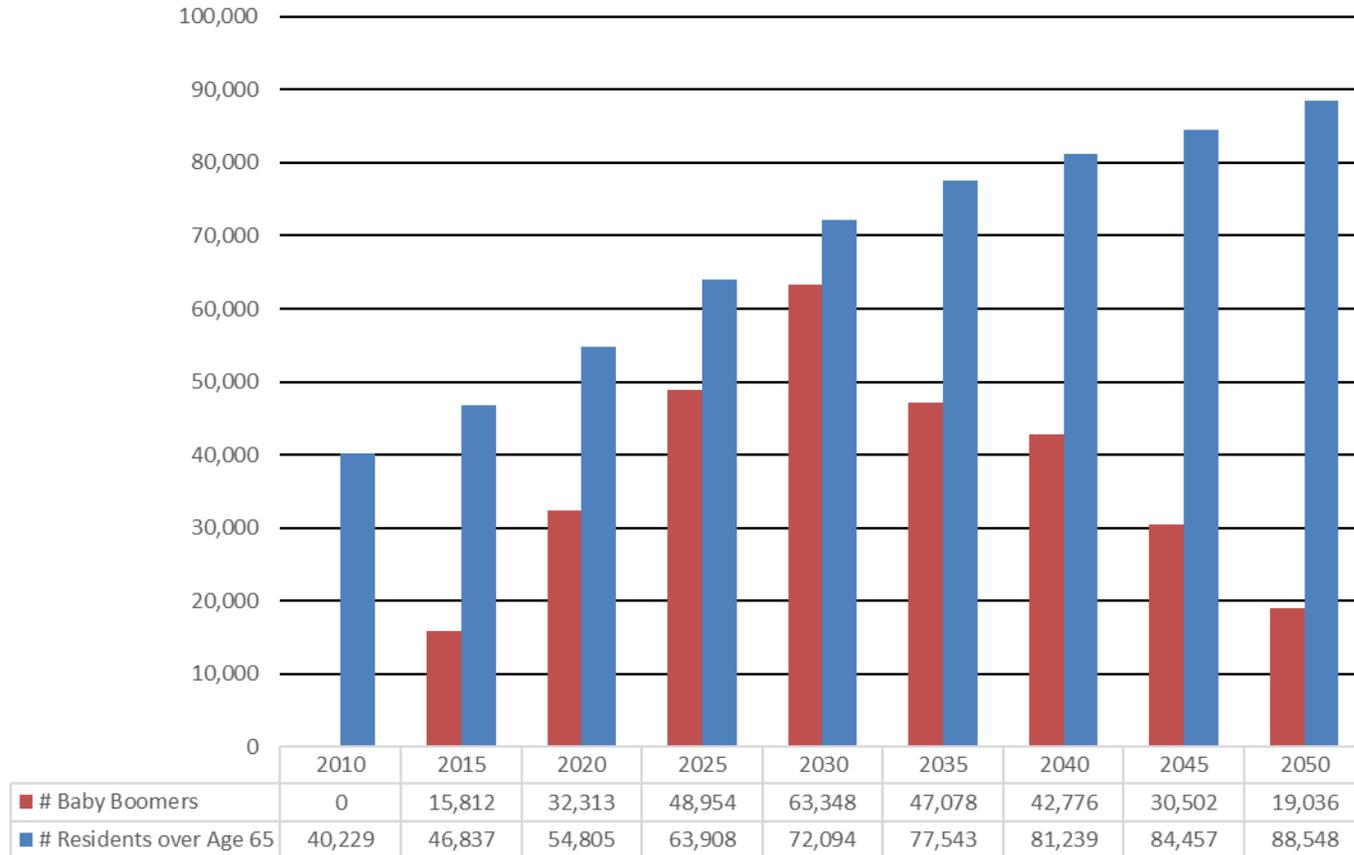
## **SOCIAL SECURITY AT RISK!**

### **Will President Trump Keep Campaign Promise on Social Security?**

- The payroll tax by which we have been paying for Social Security dates back to the inception of the program under Franklin D. Roosevelt in 1935.
- FDR did not want the system to be perceived as a welfare program.
- He said, “With those taxes in there, no damn politician can ever scrap my social security program.”
- He demanded a program that was independent of politics, one designed around the principle that benefits and contribution were connected.
- Social Security is supposed to be a socialized pension, rather than a welfare program.



## NRLN Analysis of Baby Boomer Impact on Social Security and Medicare 2000 Census Data - May 2017





## **NRLN's Position on Social Security**

- Increase payroll tax rate between 0.5% and 1.5% plus the maximum earnings subject to the payroll tax would mostly solve Social Security's funding.
- Once the Trust is funded, tax rates and maximum wages taxed should be lowered to maintain actuarial funding level.
- Social Security Trust should be insulated from Congress so funds are never again a piggybank for other government spending. (Congress owes more than \$2 Trillion to Social Security Trust.)
- **NRLN opposes raising full retirement age above 67.**
- Unless Congress intends to compel companies to retain older workers until they reach the age of Social Security eligibility raising age for benefits harms retirees and the U.S. economy.



## President Trump Released Proposed 2018 FY Budget

- White House on Tuesday, May 22, released its budget blueprint for the 2018 fiscal year, which begins Oct. 1, 2017.
- Budget calls for \$3.6 trillion in spending reductions over 10 years.
- Biggest factor in decreasing the deficit will be the repeal/replace of ACA.
- Social Security for the disabled cut by \$72 billion.
- Mick Mulvaney, OMB Director, said President Trump intended only to protect the retirement benefits part of Social Security.
- Medicaid cut by \$1.4 trillion if current AHCA passes.
- **No drug pricing overhauls that President Trump supported in past.**
- \$52 million cut in money for states to use to counsel beneficiaries on their Medicare options and problems – Ends SHIP in 2018.
- Congress expected to reject/change many of the proposals. Remember, Speaker Ryan still wants to privatize Medicare.



## Prescription Drug Price Gouging

> The **Secretary of HHS has the authority** under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 **to issue an order to begin legal importation from Canada** .

> **Congress should follow the lead of Senators Klobuchar, Grassley and McCain and write letters to the HHS Secretary (as the NRLN has) urging him to authorize the importation of safe, lower priced drugs from Canada.**

### **Call for Action – Pass These Bills:**

> **S. 41 and H.R. 242, Medicare Prescription Drug Price Negotiation Act of 2017**, allow Medicare to negotiate the best price of prescription drugs.

> **S. 92, Safe and Affordable Drugs from Canada Act of 2017**, to allow individuals to import a 90-day supply of prescription drugs from an approved Canadian pharmacy.

> **S. 469, the Affordable and Safe Prescription Drug Importation Act**, would lower cost by allowing importation of safe, low-cost medicine from Canada and in two years authorize the HHS Secretary to import from other advanced countries.

> **S. 124, Preserve Access to Affordable Generics Act of 2017**, to expand consumers' access to cost-saving generic drugs and increase competition to end “pay for delay” deals—brand-name drug manufacturers using pay-off agreements to keep generic equivalents off the market.

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