



NATIONAL RETIREE LEGISLATIVE NETWORK, INC

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

February 23, 2009

The Honorable Edward M. Kennedy
Chairman, HELP Committee
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510-2101

Dear Senator Kennedy:

A very large segment of our population—America's retirees—appear to be forgotten in most discussion of health care reform. The intent of this letter on behalf of the more than 2 million retirees represented by the National Retirees Legislative Network (www.nrln.org) is to urge you to keep retirees in mind as Congress considers reforms to our health care system.

As you are aware, millions of retirees have lost previously-earned health care programs once provided by their former employers. However, since millions of retirees continue to receive some level of employer-sponsored health care benefits, any proposed health care reform must not overlook any negative impact that the proposed legislation might have on those retirees.

I presented testimony on September 25, 2008 to the U.S. House Committee on Education and Labor for its hearing on "Safeguarding Retiree Health Benefits." At that time, I suggested that Congress consider the NRLN's Maintenance of Cost Payment (MCP) proposal. MCP would establish a fixed monthly payment to retirees equivalent to the value an employer provided prior to the reduction or cancellation of retirement benefits such as health care, prescription drugs, life insurance, long-term care, catastrophic coverage and other benefits. Companies would be entitled to tax credits as an offset against MCP payments. With the MCP, retirees would be able to purchase replacement benefit coverage. In addition, employers would be assured that their costs would not rise and a portion of their costs would be offset by the tax credit.

Also, in my testimony and a white paper presented to the Committee, the NRLN proposed adding catastrophic coverage to Medicare and allowing retirees between ages 50 and 64 the opportunity to buy into Medicare coverage at a cost that does not burden the Medicare system.

You can understand that many retirees worry that Congress, in a possible rush to pass an all-inclusive health care reform package, could create a system that would have unintended and devastating consequences because of poor design. The worst case would be a health care bill that ignores or harms retirees and possibly other groups of Americans while attempting to protect another group, such as those without health care insurance.

For example, by not addressing employer-sponsored health care for retirees directly in a proposed bill, it might motivate additional employers to either cancel health care for retirees outright or make it so costly for retirees to afford that more retirees are left solely with Medicare without the catastrophic health care or additional coverage that retirees would have had under a company-sponsored plan.

A poorly crafted bill wouldn't benefit retirees or the taxpayers if it didn't at least address retiree catastrophic coverage, exclusion of pre-existing conditions, and any exorbitant increases in retiree costs. Any health care reform legislation should provide either a stick (penalty) or carrot (incentive) for companies to honor promised retiree health care benefits. As mentioned above, there should be provisions in it that require companies to keep insurance affordable for retirees by requiring them to contribute to Maintenance of Cost Payments (MCP) for any reduced or eliminated benefits earned during their careers.

The recent EEOC rule change gives companies license to discriminate by permitting the cancellation of health care benefits to those 65 or older without violating the Age Discrimination in Employment Act. The EEOC's flawed reasoning was that if employers were allowed to eliminate health care benefits for Medicare-eligible retirees, they would be more likely to maintain health care benefits for pre-65 retirees. We've begun to see the fallacy in the EEOC's logic as some employers are also eliminating health care benefits that were promised to pre-65 retirees. When the new Chairman of the EEOC is confirmed, you should demand that the Rule be withdrawn and if the EEOC should not do so, you should introduce legislation to overturn the Rule.

I would presume the EEOC would call the elimination of health care benefits for pre-65 retirees an "unintended consequence." You must be vigilant against the risk of a health care bill that might have the "unintended consequence" of not preserve existing employer-provided benefits to retirees. Even healthy companies could cancel their sponsored health care plans for retirees and say "no harm done." That would be entirely wrong!

As a member of Congress involved with developing health care reform legislation, I urge you to first do no harm to retirees who are on fixed incomes and growing in numbers within our society. Marta Bascom is the NRLN's Executive Director in Washington, D.C. She would welcome the opportunity to discuss with your staff what the NRLN believes retirees need in order to feel more secure that Congress will not forget them as it works on reforming America's health care system. Marta can be reached at 703-863-9611 and looks forward to speaking you or your staff at your earliest convenience. Thank you for taking the time to read my letter.

Sincerely,

A handwritten signature in black ink that reads "Bill Kadereit". The signature is written in a cursive, slightly slanted style.

President, National Retiree Legislative Network