



NRLN Focus



Volume 16, Issue 3

Fall 2019

The NRLN Clarion Call... Foxes in the Henhouse – Insurance and Pharmaceutical Influence Unacceptable

By Bill Kadereit, NRLN President



Our NRLN Executive Director Alyson Parker's FOCUS column cites that 1,395 registered lobbyists donated about \$32 million a year to members of Congress, and that in 2018 close to \$300 million was spent by the pharmaceutical and hospital industries alone.

The result of undue influence over Congress and the executive branch by the healthcare industry, including healthcare insurers, has led to installing for-profit business models with high overhead and net profit requirements rather than government creating a more efficient and contemporary not-for-profit Medicare system.

The prescription drug industry's shameful pricing policies, pay-for-delay and other blocking tactics on generic drugs, etc. are well documented. Healthcare insurance companies have installed middlemen to negotiate prescription drug pricing and keep the rebates that should flow to consumers, while Medicare is not allowed to seek competitive bids. All of this can all be laid at the feet of cowardly politicians from both political parties in both the House and Senate chambers over the years.

Under the Hospital (Medicare Part A) and the physician services (Medicare Part B) Fee-for-Service model, product and services payments are based on evaluations of relevant service costs. This model has been cast aside by both parties in Congress in favor of Medicare privatization which is about 30% complete. Now only insurance companies know true healthcare costs.

It is fair to say that the vast majority of those affected will be those who purchase the bulk of pharmaceutical and other healthcare products and services consumed in the U.S. – seniors, especially those over age 65. Today that's roughly 59 million people, but according to the 2010 U.S. Census it will be 98 to 100 million by 2060. Folks, that's 25% of the projected U.S. population.

Wait, the American competitive model has proven that private businesses are more innovative, create a better life and lower prices! Why not here? Medicare overhead is about 2% of expenditures, but healthcare insurers carry about a 12-15% overhead and profit burden. If Medicare has twice the volume (66% Medicare participants vs 33% Medicare Advantage enrollees today), it has twice the purchasing leverage. An effective Medicare could not lose! If Congress and the executive branch turned Medicare loose to buy everything direct and use commercial channels to deliver to its' customers, there is no way privatization could compete or survive.

Why are both parties in Congress so bent on privatizing Medicare? They failed to fund Medicare for fear of losing elections during the past 35 years and now the \$740 billion spent on Medicare (A, B and CD) in 2018 is projected to grow to \$1.5 trillion by 2028. The facts are that Congress and Health and Human Services (HHS) have teamed to subsidize insurance company overhead and profit; in fact, since 1997 over \$350 billion in taxpayer subsidies and over \$16 billion in 2018. Would we subsidize General Motors so it could drive Ford out of business?

Why? General tax revenue funds 74% of Medicare B. Privatization would shift a very large piece of the budget on us seniors. This is the plan! It has nothing to do with lowering healthcare costs or healthier people. The goal is to shift the cost to the public.

Finally, consider that the 2018 Medicare Trustees report cites the \$740 billion rise to \$1.586 trillion or a 114% rise by 2028. The same report projects Medicare enrollees growing from 59.9 million to 76.7 million or a 28% increase over the same period. THE RISE IN COST IS FOUR TIMES (4X) THE RISE IN MEDICARE ENROLLEES (114/28)! Privatization is a loser!

Who owns the henhouse?



Report on NRLN Fall Fly-In to Washington, DC



Michigan Senator Gary Peters (left) listens to comments by Jay Kuhnle (right), President, National Chrysler Retirement Organization (NCRO). Others include leaders of NCRO and Detroit Edison Alliance of Retirees

Although the calendar showed it was fall, summer temperatures remained as NRLN, retiree association and chapter members came to Washington, DC for the fall Fly-In, September 23 – 25, 2019 and had 55 appointments with Representatives, Senators and/or members of their staffs.

Monday morning, September 23, at the Holiday Inn Capitol Hotel was devoted to an NRLN Board of Directors meeting. Janet Seefried, President, Detroit Edison Alliance of Retirees, and NRLN Secretary / Treasurer phoned into the Board meeting from her vacation in Germany to report on NRLN and AREF financials.

NRLN Board Discusses 2020 Vision, Mission, Goals

NRLN President Bill Kadereit led a discussion on “NRLN 2020 Vision, Mission and Goals”. He stated that the Vision is to provide an environment where current

and prospective retirees trust that they will have a respected voice in Washington, DC. The Mission is to educate and inform current and prospective retirees about income and health care security issues and lobby for balanced solutions that benefit them.

Kadereit cited four NRLN goals:

- Maintain leadership as the most informed and proactive retiree advocate organization on all income and health care issues.
- Develop and aggressively lobby for fact-based proposals.
- Support member’s former employers whenever possible.
- Use direct contact and social media tools to expand membership and grassroots efforts among current and prospective retirees. Place the NRLN logo on websites of various organizations with link to NRLN website.

He identified the NRLN strengths as:

- Association dues support and growth of individual contributors.
- Grassroots presence and Washington, DC strength and respect.
- The work of the Legislative Affairs Committee (LAC) and Legislative Action Planning Committee.
- Right people in place to achieve Vision, Mission and Goals.

Two Elected to NRLN Board

The Board elected two individuals to the Board, Vern Larson, President, NRLN Avaya Retirees Organization, as Vice President – Membership Development, and Joe Sciulli, former Lucent Retirees Organization Board Member and NRLN webmaster, as Vice President – Social Media. (See article on the two new board members in this issue.)

Introduction of Attendees

Kadereit opened the Monday afternoon briefing session by asking attendees to introduce themselves and identify their organization. Attendees included representatives from Avaya Retirees Chapter, California NRLN Grassroots Leaders, Detroit Edison Alliance of Retirees; Lucent Retirees Organization; National Chrysler Retirees Organization, NWB-USW-Qwest; TelCo Retirees Association; NRLN Pacific / Mountain West Region, and an NRLN members from New Jersey and Virginia. In his opening remarks, Kadereit provided a summary of the Board meeting.

Perspectives on Washington, DC Activities

Alyson Parker, NRLN Executive Director, and Michael Calabrese, NRLN Legislative Adviser, presented



(right to left) Peter Hollinshead, Deb Morrisett, National Chrysler Retirement Organization, Bob Barrette and Cheryl Van Vliet, Detroit Edison Alliance of Retirees, advocate retirement issues with staff members for Haley Stevens (MI-11).



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their perspective on activities in Washington, DC. They agreed that reducing the price of prescription drugs is a hot issue on Capitol Hill with numerous bills introduced, several hearings conducted, three bills passed by the House and a few bills approved by Senate committees. However, with the politics in play in Congress, it is uncertain whether any bills will be enacted in 2019. (Read Parker’s column on this issue.)

On pension issues they noted that the Butch Lewis Act (previously introduced as the Rehabilitation for Multiemployer Pensions Act) has been passed by the House and sent to the Senate. The bill would create a new agency within the Department of the Treasury authorized to issue bonds in order to finance loans to “critical and declining” status multiemployer pension plans, plans that have suspended benefits, and some recently insolvent plans currently receiving financial assistance from the PBGC.

Kadereit Talks Medicare Advantage

Kadereit briefed attendees on talking points to use on Capitol Hill on Medicare Advantage (MA) plans. He noted the 2019 Medicare Trustee’s Report (released April 2019) disclosed that expenditures per MA plan enrollee in 2018 were 103% of expenditures per enrollee in original Medicare Fee for Service (FFS) plans.

The NRLN believes the fact that Congress and the Department of Health and Human Services (HHS) would authorize special benefits (like changing air filters and shampooing carpets for asthma patients) for the 21.3 million in MA plans while denying them to 38.2 million seniors in original Medicare is discriminatory and creates a false image that MA plans have been or can be successful at reducing costs or increasing longevity.

Fly-In attendees were asked to request during their Capitol Hill appointments to:

- Grandfather the 21.3 million seniors who have purchased MA plans in good faith, protect benefits and subsidies.
- Direct the Government Accountability Office (GAO), Congressional Budget Office (CBO) and HHS Inspector General to investigate financials of MA and Original Medicare Part A and Part B, with & without subsidies.
- Make 2019 and 2020 subsidies for home air filters, carpet shampooing, heart healthy meals and other services available to the 38.2 million original Medicare A & B, FFS enrollees with chronic illnesses. There can be no reason why they should be denied new chronic Asthma treatments!



Following their meeting, Nebraska Senator Ben Sasse (center) pauses for a photo with Vern Larson, President, NRLN Avaya Retirees Chapter and NRLN Vice President - Memberships, and Bob Martina, NRLN Vice President - Grassroots

- Reduce Medicare and Medicaid \$85 billion in annual wrong and improper payments; use savings to eliminate the 75-year deficits of Medicare A and B.

Support Bills to Reduce Rx Prices

Ed Beltram, NRLN Vice President – Communications did the briefing on the talking points on the NRLN’s support for bills to reduce prescription drug prices. He noted Americans, especially the 61 million Americans age 65 and older and people with disabilities on Medicare, are caught in the terrible “perfect storm” of prescription drug price gouging. They are taking more expensive medications while living on fixed



Judy Stenberg (right), NRLN Vice President, Pacific / Mountain West Region, and NRLN President Bill Kadereit advocate Medicare, Social Security and high prescription drug prices issues with Kendra Kosko Isaacson, Legal Counsel, for Washington Senator Patty Murray



Wendell Primus (right), Senior Healthcare and Budget Policy Adviser to House Speaker Nancy Pelosi, responds to NRLN Medicare and prescription drug prices issues. (left to right) Hector Saenz, NRLN Vice President - California; Alyson Parker, NRLN Executive Director; NRLN President Bill Kadereit, and John deCastro, NRLN Congressional District Leader (CA-12)



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incomes.

The NRLN advocates:

- Legislation to remove the prohibition on Medicare competitive bidding and replace it with a competitive bidding model (see attachment) to be applied wherever two or more FDA approved generic drugs, or two or more brand drugs, or a generic and brand drugs (upon patent expiration) treat the same medical condition. (The NRLN presented its definition of “competitive bidding” applying the business model in contrast to bills which propose “negotiating” for lower prescription drug prices.)
- Legislation to allow importation of safe and less expensive drugs from Canada and other countries that meet the Federal Drug Administration (FDA) quality standards.
- Legislation to end pay-for-delay and other brand name drugmakers’ tactics that obstruct generic drugs from coming to market.



Prior to the Nebraska Congressional Breakfast, Nebraska Senator Deb Fischer visits with Vern Larson, Omaha, President, NRLN Avaya Retirees Chapter and NRLN Vice President - Memberships

Bills Passed By House

Beltram cited the bills that the NRLN supports that would accomplish these objectives. He asked attendees to point out that the NRLN supported the House passing on May 16, 2019:

H.R. 938, BLOCKING Act (Bringing Low-Cost Options and Competition while Keeping Incentives for New Generics Act of 2019) would increase competition in the generic drug market.

H.R. 965, CREATES Act (Creating and Restoring Equal Access to Equivalent Samples Act) targets abusive delay tactics used by brand-name pharmaceutical companies to block market entry of more affordable generic drugs.

H.R. 1499, Protecting Consumer Access to Generic Drugs Act is intended to prohibit the practice of “pay-for-delay,” in which brand name drug companies compensate generic drug makers to delay the entry of lower price generic drugs into the market.

In addition, the NRLN is reviewing **H.R. 3, Lower Drug Costs Now Act of 2019**, introduced by House Speaker Nancy Pelosi on September 19.



Annette Pfister, NRLN New Jersey member, and Robert Childers, Jr., Legislative Assistant for New Jersey Senator Bob Menendez, pause for a photo following their meeting

Senate Committee’s Actions

Attendees were asked to acknowledge that the Senate Committee on the Judiciary passed, **S. 1227, Prescription Pricing for the People Act** on June 28, 2019 and the (bill # not yet assigned) **Prescription Drug Pricing Reduction Act** on July 25, 2019.

President Trump’s Prescription Drug Plans

Beltram noted that President Trump proposed on October 25, 2018 creating an “international pricing index” as a benchmark to decide how much the government should pay for prescription drugs covered by Medicare’s Part B outpatient program. In addition, the Trump administration announced on July 31, 2019 a plan for allowing the importation of cheaper prescription drugs from other countries, particularly Canada. Alex Azar, Secretary of Health and Human Services (HHS), issued a plan outlining the steps it will take, including issuing a regulation to allow for states and pharmacies to submit drug importation pilot programs for approval.



Nick Uberti (center), Legislative Correspondent for Florida Senator Rick Scott, has a dialogue with National Chrysler Retirement Organization leaders Ray Pasternak (front), Dale Koch (right) and Rich Brown, (left). Pasternak is also a member of the NRLN Villages Chapter Leadership Team

Social Security 2100 Act

The guest speaker during the briefing session was Nancy Perry Legislative



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Following their meeting, Ashley Higgins (right), Legislative Correspondent, for Colorado Senator Cory Gardner, pauses for a photo with Roger Borowicz and Kay Daugaard, Members of the NWB-USW-Qwest Retirees Organization

Director for Representative John Larson (CT-01) who introduced H.R. 860, Social Security 2100 Act. She noted there have been four House hearings on the bill. Her comments on the proposed legislation were in line with the NRLN's talking points to advocate for passage of the bill.

The third briefing was on the NRLN's support for the Social Security 2100 Act, presented by Beltram. The NRLN did an extensive review of Social Security bills that have been introduced in Congress and concluded that the best bills are **H.R. 860 / S. 269, the Social Security 2100 Act**.

He urged attendees to point out in their meetings that the Social Security Trustees' reported in April 2019 that beginning in 2020, Social Security will pay more in benefits than it takes in from taxes and interest income. Social

Security will deplete its \$2.9 trillion reserve fund in 2035. While Social Security will not go bankrupt due to payroll taxes, projections are there will only be enough revenue to cover 77% to 79% of benefits. In addition, Congresses and Presidents haven't acted to preserve Social Security since 1983 when payroll taxes were raised and eligibility age is slowly being raised from 65 to 67 years old.

What Social Security 2100 Act Would Do

- Ensure the solvency of the program for the next 75 years, the only bill to do so.
- Change the annual Cost-of-Living Adjustment (COLA) from the current CPI-W index pegged to urban wage earners' living expenses to CPI-E (Elderly) based on older Americans' spending patterns, including high medical costs.
- Provide an across-the-board benefit increase equivalent to about 2% of the average Social Security benefit.
- Increase the minimum benefit to ensure that workers with many years of low earnings do not retire under the poverty line.
- Cut federal income taxes on Social Security benefits for about 12 million middle-income Americans and raise the limit for non-Social Security income before benefits begin to be taxed. The new limits would go to \$50,000 for individuals and \$100,000 for couples, up from the current \$25,000 and \$32,000.

Panel Discussion on Pension Issues

Jay Kuhnle, President, National Chrysler Retirement Organization, led a panel discussion including Kadereit and Parker on pension recoupment and pension de-risking. The two issues would be advocated by selected attendees with specific Representatives and Senators and/or members of their staffs.

Recoupment is when a pension plan sponsor finds an error in the pension payment calculation and forces a retiree to pay back thousands of dollars and suffer a cut in his/her pension benefit. The NRLN is advocating that there be a limit on the number of years that retirees can be exposed to paying back overpayments and the percent that can be taken from their monthly pension checks to repay the pension plan.

De-risking is when a pension plan sponsor converts its pension plan to an insurance company annuity.



(clockwise from lower left) Chris Allen, Senate Finance Committee staff member for Iowa Senator Chuck Grassley, has a dialogue with Alyson Parker, NRLN Executive Director, Jay Kuhnle, President, National Chrysler Retirement Organization, and NRLN President Bill Kadereit



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When “de-risking” occurs pension plan participants lose the protection of PBGC and ERISA. Among the requests in the NRLN’s proposed legislation is that the pension plan sponsor must purchase reinsurance from a separate and highly-rated insurer to guarantee the payment of benefits, in case of default by the original insurer.

Update on NRLN Grassroots

The final presentation was a NRLN Grassroots update by Bob Martina, Vice President – Grassroots. He reported there are 468 State and Congressional District (CD) Leaders, including a number of co-leaders. One or more CD leaders cover 98% of states. Of the 435 Congressional Districts 68% have a CD leader.

He pointed out that NRLN Action Alerts remain primary grassroots tool for getting member involvement and Congressional attention. In addition, a letter to the editor is a very good way to get the attention of members of Congress, using a few selected CD leaders in each state to send letters on targeted retirement issues. Facebook and Twitter messages are also being used to contact Representatives and Senators.

The Grassroots effort includes providing through the NRLN website at www.nrln.org the NRLN Report Card showing whether Representatives and Senators are co-sponsors of bills supported by the NRLN. Information is provided on the website on campaign and Leadership Political Action Committee (PAC) contributions received from the pharmaceutical and health care products industry.

Advocating Pension Issues

Kadereit, Parker and Kuhnle met with the Senior Policy Advisor on Pensions for Senator Chuck Grassley (IA), Chairman, Senate Committee on Finance. Kuhnle presented the NRLN’s proposal on pension recoupment. Kadereit and Parker advocated an amendment in the Portman-Cardin bill that would amend the Employee Retirement Income Security Act (ERISA) and Internal Revenue Code (IRC) Section 420 to reduce the Section 420 surplus transfer limits from 120% and 125% to a lower level of 110%, subject to the requirement that annual plan surplus transfers be used for and may not exceed the combined annual life insurance and health insurance benefits or 1.75% of plan assets whichever is lower. Passage of the amendment would make it possible for companies with pension plans funded at 110% or more to use surplus funds to sustain benefits.

Later in the day, Kadereit, Parker and Kuhnle had a meeting with a representative of the ERISA Industry Committee (ERIC), which lobbies corporate benefits issues for America’s largest employers. ERIC supports the Section 420 amendment in the Portman-Cardin bill and it will, if necessary, attempt to attach the Section 420 amendment to any other pension bill that moves in Congress and wants NRLN support to get it done when the time comes.



Exploring Coalition Partner

Kadereit and Parker met with leaders of the Committee to Protect Social Security and Medicare to discuss how both organizations might work together to preserve the two programs so important to retirees.



February 2020 Next NRLN Fly-In

The next NRLN Fly-In to Washington, DC will be **February 24-26, 2020**. There will not be a fall Fly-In because of the uncertainty when Congress will be in session due to campaigns for all Representatives, one-third of the Senators and the Presidency.



A View From Washington

by Alyson Parker , NRLN Executive Director

Will Impeachment Block Progress on Important Legislative Issues?

There had been signs of encouragement that real progress would be made in Washington on two issues important to everyone – cost of prescription drugs and surprise medical bills. Compromise, a word barely spoken these days on the Hill, had taken place and the Hill and Administration seemed poised to pass legislation to address these two problems that impact everyone nationwide. Sadly, the tide may be turning.

The Democrats in the House are now consumed with visions of tossing President Trump out of the big white house at 1600 Pennsylvania Avenue over his conversation with the Ukrainian President about Joe Biden. The word “Impeachment” is all that is being talked about in Washington, DC these days and it does not look like that will change. Whatever your feelings are about impeaching President Trump, this is not good news for getting legislation passed and signed by the President. With the House deeply divided along party lines about whether the President did anything wrong, partisanship is back.

The process of impeaching the President is a time-consuming process. If the House does impeach the President, which is looking more likely, the issue will then move to the Senate. Senate Majority Leader Mitch McConnell has said that he will bring it to a vote in the Senate as required by the rules. It is not expected to pass the Senate, however, since the Republicans control the Senate. Is the act of impeaching the President in the House, but not removing him from office, worth it if it stalls important legislation? This depends, of course, on whom you speak to.

Another obstacle to getting these two pieces of legislation done is the formidable pharmaceutical and hospital lobbying group. In 2018, close to \$300 million was spent by these industries to protect their profits. The preliminary data for 2019 looks similar. There are 1,359 lobbyists registered. Annually, the industry donates around \$32 million to members of Congress on both sides of the aisle. We may need to focus on campaign finance reform before we will be successful in passing meaningful legislation that will lower health care costs.

NRLN Board Elects Two New Members

During the NRLN Board of Directors meeting at the NRLN Fly-In to Washington, DC, two new members were elected. They are Vern Larson and Joe Sciulli.



Vern Larson was elected NRLN Vice President – Membership Development. His initial objectives are to recruit NRLN members who are retired from companies with the top 20 pension funds that are underfunded and retirees in large retirement communities.

He is President of the NRLN Avaya Retirees Chapter and lives in Omaha, NE. He is a graduate of Bellevue University with a BS degree in Business Administration.

He began his career with Western Electric which was part of the Bell System. Following the breakup of the Bell System, he worked for AT&T, the spin-off of Lucent Technologies and the spin-off of Avaya Communications and later CommScope. Inc.

At various times with AT&T and Lucent he had engineering and sales assignments for telecommunications and data center products and services. One of his duties with Avaya Labs was to explore global new copper and fiber revenue opportunities. He provided pre-sale and post-sale Technical Future Presentations at Global road shows in Australia Canada, China, Europe, Japan, Korea, South America, United Arab Emirates, and the U.S. He is a U.S. Marines Corps veteran.

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Joe Sciulli was elected NRLN Vice President – Social Media. He serves as the NRLN webmaster, handling the design of the www.nrln.org website and doing the postings on all webpages. He also is the primary administrator of www.facebook.com/nrln1 and provides support for the NRLN's messages on www.twitter.com/nrln3 and www.instagram.com/photosnrlnorg.

Sciulli was one of the founding members of the Lucent Retirees Organization in 2003 and served as a board member and webmaster. He has also done webpages for other retiree organizations such as American Airlines, Chrysler, and General Motors.

He lives in Langhorne, PA and has a BS degree in Electrical Engineering from the University of Pennsylvania and attended the Sloan School at Massachusetts Institute of Technology.

Sciulli began his career with Western Electric in 1957 in the Defense Activities Division, which served as the prime contractor for the SAGE Air Defense System. He had responsibility for installation and system testing of the system nationwide. He was an instructor of employees before being assigned to field positions in Maine, North Dakota, and California.

He worked in computer and information technology assignments in Kansas City and Newark, NJ. In 1974 he moved to the Chicago area where he was responsible for the startup of the Niles, MI, Materials Management Center and nationwide planning for Western Electric's installation force. In 1977, he became Director of Operations for the Central Region, and in 1979 moved to Denver, where he was Director of Manufacturing.

In 1982, he became Executive Vice President of the Teletype Corporation in Skokie, IL. When the corporate structure changed in 1985, he went to New Jersey as Operations Vice President for AT&T's computer business.

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