



# NRLN Focus



Volume 19, Issue 1

Spring 2022

## ***The NRLN Clarion Call...* ACO REACH Another form of Direct Contracting**

By Bill Kadereit, NRLN President



An often-quoted line is: "Oh, what a tangled web we weave, when first we practice to deceive!" That is what the Center for Medicare and Medicaid Innovation Center (CMMI) is doing by announcing that in 2023 it will transition the Global and Professional Direct Contracting (GPDC) Model into the Accountable Care Organization Realizing Equity, Access and Community Health (ACO REACH) Model.

The NRLN along with a few other advocacy organizations and a small number of Senators and Representatives have been opposing Direct Contracting Entities (DCEs) which would destroy original Medicare.

My first draft of this column was going to tell you that DCEs are the failed Medicare Advantage (MA) plans on steroids. After 35 years and \$400 billion in taxpayer rebates paid to healthcare insurers, \$41 billion in 2021, rising to \$100.8 billion in 2030, MA's 15% overhead has never been cost-effective with original Medicare's 2% Fee-for-Service (FFS) and never will be!

I was also going to inform you of my February 18 letter to the Secretary of Health and Human Services and the CMS Administrator in which I supported Accountable Care Organizations (ACOs) as offering the best chance to contain costs, improve quality of patient care and to advance medical solutions.

But now with CMS's February 24 announcement of the creation of ACO REACH it has bastardized the original intent of ACOs. CMMI is transitioning from 51 (previously 58) DCEs to 453 ACO REACH groups which will speed up the effort to privatize original Medicare.

CMS has caved to the combined pressure of NRLN and allies against DCEs and support for DCEs from the private insurance industry and Wall Street investors but has put lipstick on the DCE pig and named it ACO REACH.

The CMS press release stated: "under the ACO REACH Model, CMS will use an innovative payment approach to better support care delivery..." This translates to taxpayer dollars given to insurers, investors and medical groups just as CMS has been doing with private insurance MA plans that provide special benefits which are denied to original Medicare beneficiaries.

DCEs are allowed to pocket 40% of CMS payments not spent on medical services. We don't know if the same arrangement will apply to ACO REACH. Original Medicare overhead is 2%; MA subsidized overhead and profit is 15%.

The ACO REACH Model starts on Jan. 1, 2023 and has begun accepting applications. Any model currently in Direct Contracting must agree to meet several new requirements to continue participation.

Senator Elizabeth Warren (MA) had been an outspoken critic of DCEs. She called for CMMI to drop the DCE model during a Senate Subcommittee hearing on February 2. She charged that the model would help to privatize original Medicare and turn the program over to "corporate profiteers."

On February 25, Alyson Parker, NRLN Executive Director, and I had a conference call with Senator Warren's healthcare policy staff member. We expressed our concern that ACO REACH is just renaming DCEs. The NRLN opposes ACO REACH and anything else that threatens original Medicare which has proven since 1965 to be an effective healthcare program for seniors.



### NRLN Board and Executive Director Have Wide Range of Experience

The fall 2021 FOCUS newsletter published profiles on only 8 of the 12 NRLN Board of Directors members due to limited space. The following are the profiles on the other four Board members. They have a wide range of experience that they bring to the leadership of the NRLN.



**Jane Banfield** is an NRLN Board Member, Vice President of the TelCo Retirees Association and was the founding President of the former AT&T Concerned Employees and Retirees (ACER). Jane has been the NRLN Grassroots Mid-Atlantic Region Vice President since 2016. She originally served on the NRLN Board from its formation in 2002 until 2010 and rejoined the NRLN Board in 2016 representing TelCo, which includes former ACER members and supports AT&T retirees from other organizations. Banfield started her career in marketing with New Jersey Bell. At the time of the Bell System divestiture on January 1, 1984, she moved to American Bell, and later AT&T Information Systems in marketing. She worked in the Network Systems and Computer Systems Division selling hardware and later moved to the Communications. Her last years prior to retiring in New Jersey in 2003 were spent in Solutions as a Solution Architect and Business Manager for the Sun Microsystems Outsourcing Deal. She lives in Williamsburg, VA.



**Martha Deahl**, is an NRLN Board member and is NRLN Vice President – Desert Southwest Region and President of the Arizona Chapter. She has represented all NRLN Chapters on the Board since 2013. Martha has been a volunteer for the NRLN since the formation of the first NRLN Chapters. Also, she has traveled to Washington, D.C. for the NRLN's spring and fall fly-ins to lobby members of Congress since 2011. She retired from US West (now CenturyLink/Lumen) in 1998 after 25 years of service. She moved through the organization holding many positions while being instrumental in the development and deployment of emerging technology and products internally and with customers. Martha played a key role in the creation of the Agent Channel within US West. She held many management positions causing her to work throughout the company's 14 states region while managing Arizona and New Mexico. She has held leadership positions with the Telephone Retirees Association of Arizona which led to her involvement as a legislative affairs leader with Association of US West Retirees (AUSWR-AZ) and the NRLN. Martha also has spent time volunteering at assisted living centers and developing youth group involvement. She lives in Wittmann, AZ.



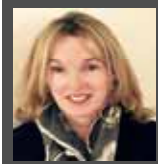
**Cindy Hadsell** is an NRLN Board member. She is a member of the CenturyLink Retirees Association (formerly NWB-U S West-Qwest) and serves as the organization's Legislative Director. She retired from CenturyLink in October 2011 as a Senior Manager for Real Estate Strategic Planning. During her nearly 42 years with the phone company in Omaha, NE she held positions in public relations, business services, competitive analysis, executive support, and sales incentive programs. She holds a BA from Nebraska Wesleyan University and an Executive MBA from the University of Nebraska at Omaha. She is currently serves on the Board for the Douglas (Nebraska) County Historical Society and was honored as its Woman Defining History for 2019. She was inducted into the Hall of Fame for Omaha Central High School in 2021. She is president of her P.E.O. chapter for philanthropic projects for women's education. She is the treasurer of her local stock investment club and active with League of Women Voters. Her home is in Omaha, NE.



(Continued from page 2) *NRLN Board and Executive Director Have Wide Range of Experience*



**Jay Kuhnie** is an NRLN Board member and President, National Chrysler Retirement Organization. He retired from Chrysler at the end of 2007 after 35 years of service. He began his career in the Sales Division and held numerous positions in the Detroit Zone Sales Office then gained invaluable experience in several Headquarter assignments including Assistant to both the Vice President of Sales and Executive Vice President Sales and Marketing. He then served as Zone Manager in the Dallas Zone where he was responsible for both sales and service. After 12 years in Sales, he moved to Marketing where he held several positions including Director of the Dodge, Chrysler and Jeep Brands Communications. Jay was responsible for all of the marketing communications, advertising and merchandising for the Brand, and was responsible for overseeing the development of several key product communications launches including Dodge Intrepid, Dodge Ram, New Dodge campaign, PT Cruiser, Chrysler 300, Minivan, Wrangler 4 Door and others. He has received many Marketing awards including several Caddies for marketing and communication excellence and was named Automotive News Advertising All-Star in 1995. Jay has a BA degree from Eastern Michigan and an MBA from Michigan State. He lives in Clarkston, MI.



## A View from Washington, DC

### A Renewed Effort to Address the Insolvency of Social Security

By Alyson Parker, NRLN Executive Director

It is no secret that the Social Security Trust Fund is going to run out of money unless steps are taken to address the funding shortfall. According to the latest Social Security trustees report, Social Security recipients will only receive 76 percent of their benefits beginning in 2033. There have been previous attempts to fix Social Security, but they have all failed to pass through Congress. The last time the program was changed to address the solvency issue was in 1983, when changes ensured solvency until 2030.

A new coalition seems to be forming with many of the same members of the bipartisan group that heralded through the bipartisan infrastructure bill passage. Members that are currently in talks about working together include Republican Senators Mitt Romney (UT), Bill Cassidy (LA) and Democrats Richard Durbin (IL) and Joe Manchin (WV) and Senator Angus King (ME), an Independent. Other Senators that have expressed interest in working on a fix for the program include Senator Todd Young (IN), Senator John Cornyn (TX), Senator Mark Warner (VA), and Senator Kyrsten Sinema (AZ). There is no solution agreed upon by this group, but they share the belief that it is urgent to take steps now to save the program from insolvency.

Different ideas have been proposed in the past including raising taxes, reducing benefits and increasing the retirement age. Some support raising the cap on wages taxed to pay for Social Security. Currently, an employee's wages are taxed up to \$147,000, but this level of taxation is not keeping up with benefit payments. There is disagreement, however, on how to raise the cap. Some propose doing away with the cap, while others support leaving the cap, but have the payroll tax kick in again once a taxpayer's earnings reach \$400,000.

There have been two recent proposals to address Social Security's funding shortfalls. Senator Romney, along with other Senators and Representatives including some Democrats, introduced the Time to Rescue United States Trust Act (TRUST Act) in 2021. The TRUST Act would set up rescue committees consisting of twelve members of Congress evenly split between the two

(Continued on page 4)

# National Retiree Legislative Network, Inc.

601 Pennsylvania Avenue N.W.

Suite 900, South Building

Washington, DC 20004-2601

NON-PROFIT ORG.

U.S. POSTAGE

**PAID**

BRIGHTON, CO

PERMIT NO. 51

page 8



Spring 2022

(Continued from page 3) **A View from Washington, DC**

political parties, who would be tasked with drafting legislation for the solvency of the program and to only report recommendations if a majority of the task force members supported including at least two lawmakers from each party.

Recommendations from this committee would receive fast track consideration in both Chambers of Congress, but would need to meet the 60-vote threshold in the Senate to send the bill to the President for signature. The NRLN supports and encourages immediately addressing the solvency of both the Social Security Trust Fund and the Medicare program, but opposes the TRUST Act because it does not follow ordinary legislative procedure by allowing for vetting of the proposals coming from the rescue task force through the House and Senate committee process.

The other proposal, Social Security 2100: A Sacred Trust, was introduced by Representative John Larson (CT-01) who chairs the Ways and Means Social Security Subcommittee. Chairman Larson's bill would leave in place the cap for payroll taxes only taxing \$147,000 of income for 2022, but the tax would kick in again once earnings reach \$400,000. Additionally, his bill would increase benefits, targeting mainly the lowest income and elderly beneficiaries. Although the NRLN supports most of the provisions of Chairman Larson's bill, we are not actively supporting his bill because it would only prolong the Social Security Trust Fund solvency for five years because many of the fixes contained in the bill sunset after five years.

The NRLN encourages Congress to address this important program in a bipartisan way protecting everyone that has paid into the program throughout their working years.

**NRLN MEMBERSHIP CONTRIBUTION**

**FOCUS**

*The NRLN is a nonprofit organization. Because we lobby, contributions are not tax deductible.*

NAME: \_\_\_\_\_ AMOUNT OF CHECK \_\_\_\_\_

ADDRESS: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_ ZIP+4: \_\_\_\_\_

PHONE: \_\_\_\_\_ E-MAIL ADDRESS (IF AVAILABLE): \_\_\_\_\_

I get my retirement benefits from \_\_\_\_\_ (name of company)

Mail this form with your check or money order (no cash please) for \$25, \$50, \$75 or more (any amount is appreciated)

payable to: **NRLN, Inc., PO Box 69051, Baltimore, MD 21264-9051**. Or, make a contribution with your credit card on the NRLN website at [www.nrln.org](http://www.nrln.org). Click on the red flashing "Click on the Contribute" tab and use the credit card form.