

Health Care Reform and NRLN's Continuing Advocacy

As you know, on March 26th Congress finished work on legislation to overhaul the U.S. health care system. The Senate and House both voted to clear a compromise bill with final changes to legislation signed into law by President Barack Obama on March 23rd.

Taken together, the overhaul and the revisions will cost \$940 billion over 10 years, and cut the deficit by \$138 billion in the same period through new fees, taxes and cost-saving measures, based on estimates by the Congressional Budget Office (CBO).

The NRLN's Role in Health Care Reform

Congress and the White House made it clear at every turn that health care reform was about making health care insurance available to those who did not have it, but not about retirees whose health care benefits were being eroded. Despite their declared position, the NRLN pursued changes that would protect and secure health care benefits for retirees.

Similarly, the NRLN advocated change that would bring down health care costs such as prescription drug costs and exorbitant premiums in a major cost overhaul. Regrettably, Congress succumbed to the pressure from insurance and drug lobbies and thus failed to make lasting cost improvements that would stop the shifting of costs to retirees or abate the large annual increases that are destroying the economic stability of our country.

Our membership was divided on the issue of whether to publicly support this type of reform legislation and the NRLN refrained from doing so. Nonetheless, even though health care legislation in this form was inevitable, the NRLN continued to push the health care items in our agenda as the opportunities arose. Specifically, we advocated for and supported:

- A Maintenance of Cost Payment or MCP proposal that includes incentives for companies to continue providing retiree health care benefits.
- A buy-in to Medicare option, requiring full cost absorption, for retirees ages 55 - 64,
- The inclusion of Catastrophic coverage (out-of-pocket limit) under Medicare,
- The closing of the "doughnut hole" in Medicare Part D prescription drug coverage,
- A Retiree Reinsurance Fund for employers who provide health care benefits to pre- and over-65 retirees

The House bill originally included our Maintenance of Cost Payment approach but, after it was passed, the Senate dropped it in its final version. It was the Senate bill that was later passed by the House and signed into law by the President. The closing of the doughnut-hole provisions were included in final passage, as well as the Retiree Reinsurance Fund for under-65 retirees (We also advocated adding coverage for retirees age 65 and over, but legislators resisted expanding this provision). Other retiree pluses in the bill are the elimination of lifetime limits, restrictions on annual limits, a prohibition on dropping coverage due to sickness and the addition of free annual checkups for those on Medicare.

This legislation did not go far enough to satisfy the NRLN but we did make significant inroads. We were able to get to the table where we made our cases before House and Senate committees and we gained support from many of them. This hard work will serve us well this year as Congress addresses Medicare and as we continue to press on for retirees.

Specifics of the Health Care Reform Law:

- The reform phases out the 'doughnut hole' gap in Medicare Part D prescription drug coverage and provides a \$250 rebate in 2010 for seniors who fall into the hole.
- Beginning in 2011, seniors will receive a 50% discount on brand-name prescription drugs when they fall into the doughnut hole (no income limits) and
- By 2020 the doughnut hole will be completely eliminated by means of a 75% discount on brand-name and generic drugs (no income limits).

Within the next six months the new law:

- Provides a \$5 billion Retiree Reinsurance Fund to reimburse employers who provide health benefits to early retirees ages 55 to 64 for 80% of large claims between \$15,000 and \$90,000 (goes into effect in 90 days);
- Eliminates pre-existing conditions for non-dependent children up to age 26;
- Prohibits insurers from placing lifetime limits on coverage;
- Restricts new plans' annual limits on coverage;
- Provides \$5 billion to states to create a high risk insurance pool for those denied insurance due to pre-existing conditions and who have been without insurance for 6 months;
- Prohibits rescission, or dropping coverage, when individuals become sick;
- Creates a public health and wellness fund and requires new private insurance plans to offer preventive services without co-payments;
- Provides up to 35% tax credits to small business that offer health care coverage; and
- Creates a new and independent health insurance appeals process for consumers

The new law also:

- Covers preventive services: in 2011, seniors in Medicare will receive free annual check-ups with no co-payments for mammograms, colonoscopies and other preventive screenings; allows Part D enrollees to make a mid-year change in their enrollment if their plan makes an unexpected change;
- Expands the Medicare Part D low-income subsidy;
- Enacts the CLASS Act, creating a new long-term care insurance program for seniors and the disabled;
- Enacts the Elder Justice Act, authorizing new criminal background checks on long-term care workers who have access to residents or patients;
- Intends to eliminate overpayments to Medicare Advantage plans while creating incentives for coordinated, high quality care across the health care spectrum;
- Strengthens Medicare by slowing the rate of growth in spending for both beneficiaries and the federal government - and adding additional revenue from a Medicare tax on investment income exceeding \$250,000 - extending the solvency of the Medicare Trust Fund by 9 years (from 2017 to 2026) and improving Medicare for generations to come.

Funding the new plan:

- Increases the Medicare payroll tax by 3.8%, in 2013, for all unearned income for singles earning more than \$200,000 and couples earning more than \$250,000.
- In 2018, a 40% excise tax will be imposed on very high-end ("Cadillac") insurance plans.

NRLN's CONTINUING EFFORTS ON RETIREE HEALTH CARE

The NRLN will continue its efforts to promote better and more secure health care for retirees by urging lawmakers to enact legislation to ensure the following:

- **Preserving Employer-Sponsored Benefits:** The NRLN is advocating legislation on what it calls a Maintenance of Cost Payment (MCP) proposal that would establish a fixed monthly payment to retirees equal to the value an employer provided prior to the reduction or cancellation of retirement health care, prescription drugs, life insurance, long-term care or other benefits. Companies would be entitled to tax credits as an offset to MCP payments.
- **Catastrophic Coverage in Medicare:** The NRLN urges Congress to extend protection against catastrophic medical costs to the Medicare population by setting a reasonable maximum limit on out-of-pocket costs.
- **Medicare Buy-In For Ages 55-64:** The NRLN advocates that adults age 55 to 64 be allowed to buy Medicare coverage at a cost that does not burden the Medicare system. A larger health care pool with younger retirees will actually drive down the per capita cost.
- **Reduce Cost of Prescription Drugs:** The NRLN advocates the reduction of prescription drug costs for Americans through passage of legislation that: (1) Enables re-importation and importation of safe prescription drugs approved by the FDA; (2) Enables Medicare to develop formularies and take competitive bids for prescription drugs; (3) Staffs and funds the FDA adequately to reduce the generic drug approval backlog; (4) Prevents drug companies from colluding to control pricing or subvert free market practices.

THIS REPORT IS INTENDED TO PROVIDE INFORMATION TO NRLN MEMBERS AND SHOULD NOT BE CONSTRUED AS A POLITICAL ENDORSEMENT OF ALL ELEMENTS OF THIS BILL OR PARTIES THAT MAY ENDORSE OR REJECT IT.

THANK YOU FOR YOUR LETTERS TO CONGRESS

During the past year, NRLN Grassroots Network Members sent thousands of letters to Congress on health care issues. One of the greatest results of your letters was that Congress dropped the idea to tax employer-provided health care benefits, except for a tax on high-cost "Cadillac" insurance plans which doesn't take effect until 2018. Your letters also made the vote very close in the Senate on an amendment that would have included in the health care bill the importation of safe and lower cost prescription drugs. The amendment failed by only 9 votes.

On Capitol Hill, you sometimes win on issues and you lose on others. For now, what is important is that we never give up on issues that are important to retirees.

Please continue your grassroots support when called upon and also please continue your financial support. Without your support in both of these areas, we cannot make progress. Ask your friends to go to www.nrln.org to sign up to be a grassroots supporter. Also, when you can, make a contribution to the NRLN online or by mail to NRLN, Inc., P.O. Box 18757, Washington, DC 20036-8757.

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