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A 2025 DERISKING, PENSION RISK TRANSFERS and STANDARD TERMINATION UPDATE

- **Derisking began during the 80-90s with discontinuing COLAs, adding 401k contributory and Cash Balance plans, lump sum buyouts and risk adjusted allocations of plan assets.**
- **Derisking expanded - Pension Risk Transfers (PRTs) and Standard Terminations strip participants of ERISA and PBGC protections**
- **If an insurance company fails or is unable to make annuity payments, the retirees' benefits are backed solely by state guaranty associations (SGAs)**
- **Maximum coverage by SGAs vary by state, but most only guarantee up to \$250,000 per person per lifetime**



PENSION RISK TRANSFERS (De-Risking) UPDATE

NRLN Defined Benefit Plans - PY 2022 Financial Performance - (\$ millions)

P#	P.Y.	Annuitized Plans (2012-2023 PRTs):	# In Plan	FMV Assets	Liabilities \$Mil.	FMV % 2022
22	2022	Verizon	69,884	\$2,973	\$3,655	81.3%
17	2022	GM Salaried Plan (PRT 100% Termination)	120,000	\$0	\$0	\$0
8	2022	Boeing Value, Non Union - 2017 or after	125,704	\$25,250	\$28,271	89.3%
11	2022	Chrysler (FCA) - 2017 or after	12,253	\$4,154	\$5,006	83.0%
10	2022	Century Link (Lumen) - 2022	40,497	\$4,716	\$5,591	84.3%
15	2022	Corteva (DuPont) - 2022	89,681	\$12,281	\$13,713	89.6%
20	2022	IBM Personal (\$16b/100k/1/1/23)	250,506	\$25,094	\$19,518	128.6%
5	2022	AT&T Salaried (\$7.7 b / 96k / Aug 2023)	411,165	\$40,852	\$43,118	94.7%
Annuitized State Protected Plans Studied - 8			1,119,690	115,320	118,872	97.0%
ERISA Protected Plans Studied - 18			770,409	\$116,456	\$120,540	96.6%
Total Members Plans in NRLN's Study - 26			1,890,099	\$231,776	239,412	96.8%



PENSION RISK TRANSFERS (De-Risking) UPDATE - 2024

- AT&T Legal Suits (2) – AT&T Picked Bad Annuity Provider.
- Verizon – 2012 PRT, Verizon Terminates and Annuityizes in 2024.
- Kodak Retirees on the Bubble – Company is weighing Options – Standard Termination leaves \$1.2 Surplus. Pay 20, 25 or 50% tax.

Many Large and Small Companies are in Line – PRTs and Standard Terminations Linked to Massive Asset Valuation Increases at FMV.

PRTs, Standard and Distress Terminations, Plan Combinations, Medicare privatization and reengineering, all converge with Social Security Reengineering, out of control healthcare costs and savings shortfalls to create a tsunami of uncertainty for many over age 65 today, but especially for future retirees!



PENSION RISK TRANSFERS (De-Risking) – ELEMENTS of NRLN PROPOSED STATUTE

1. Requires reinsurance before the transfer that travels with the annuity if the initial annuitant sells it.
2. Prohibits insurer from offering to convert or exchange the contract for a lump sum or other reasons.
3. Prohibits sale or transfer of all or a portion of annuity contracts to entities that are not a state-licensed insurance companies with above average financial ratings, or PBGC reinsurance at a 100% payout level.
4. Requires annuity provider to send an annual report that confirms the reinsurance provider and the current rating and financial status of the annuity provider.
5. Prohibits the assessment of fees against the annuitant by the annuity provider and establishes a claim appeals procedure that conforms to ERISA claims and appeals rules.
6. Prohibits the annuity provider from reducing the benefit amount transferred from the plan to the annuity provider, including to correct a miscalculation of the benefit transferred to the annuity provider.
7. More generally, requires that annuitants comply with regulations or guidance adopted by the Department of Labor and designed to ensure that a participant's rights under ERISA are not reduced or impaired by the transfer of the benefit to the annuity provider and establishes a claim appeals procedure that conforms to ERISA claims and appeals rules.
8. Ensure that the transfer of benefit liabilities to the insurer does not impair the funded status of the plan after the de-risking transaction (based on a standard to be promulgated by Treasury and the DOL).



SOCIAL SECURITY RECOUPMENT and FUNDING

SOCIAL SECURITY RECOUPMENT of OVERPAYMENTS:

Social Security paid more than \$1.4 trillion to roughly 73 million people in 2023.

Overpayments of .5% overall included Supplemental Security Income (SSI) overpayments to those on disability and low-income seniors of \$4.6 billion or 8% of the \$57.6 billion SSI paid in 2022 –

The agency sends 1 million recoupment notices annually to many who may never be able to pay. Most overpayments result from agency calculation errors – federal law requires the agency to recoup.

Agency recovered \$4.9 billion in 2023 (3.5% of \$1.4 trillion), leaving \$23 billion uncollected.

- **The NRLN wrote to the Social Security Administration (SSA) acting Commissioner requesting that NRLNs pension recoupment proposals, adopted in 2022, be included in his Social Security overpayments proposal.**
- **On March 29, 2024, sweeping changes were made, including some of NRLN's proposals: a recoupment cannot exceed 10% of a monthly payment and an increase in the number of months allowed to pay back was proposed, in this case from 36 to 60 months. Exceptions would nullify recoupment in poverty income cases – overpayments involving fraud would be collected.**



SOCIAL SECURITY RECOUPMENT, FUNDING

SOCIAL SECURITY FUNDING:

Social Security is not a welfare program, its based-on credits earned, and payroll taxes collected from all working Americans. It cannot borrow nor can it add to the federal debt.

The Social Security Old Age and Survivors Insurance (OIASI) Trust Fund will only be able to pay 100% of scheduled benefits until 2033. After 2033 it will be able to pay only 77% of benefits owed.

The NRLN:

- **Believes congress has known the inevitable for over 30 years but has failed to do its job, and now is obligated to fix the long-term funding of Social Security by adjusting the payroll tax rate and/or the limit on taxable earnings, as needed, until the Trust is fully funded to meet long-term benefit obligations.**
- **Opposes congress delegating its responsibility to third parties or closed-door select committees.**
- **Opposes raising the Social Security retirement age to 69 as proposed by a House committee. Doing so would dimmish lifetime benefits and compel millions incapable of working to use savings to fund a 2-year income gap or require a statute change requiring businesses to guarantee employment to age 69.**
- **Supports switching from CPI-W to CPI-E thus compensating for runaway healthcare industry inflation.**



Privatizing Medicare is a Political Goal – Not a Vision for 2060 - PRIVATIZATION HAS FAILED!

NRLN supports competition and MA plans but not on an uneven playing field where private insurance plan subsidies and financial perversions distort the truth.

2023 Medicare Spending was \$1 Trillion, to grow 7.5% / year to \$1.9 trillion by 2032!

MedPAC's March 2024 report shows that “Medicare spends and estimated **22% more for MA enrollees than it would spend in FFS Medicare, a difference that translates into a projected **\$83 billion** for 2024”.**

MA Quality Ratings are condemned by MedPAC. FFS Quality, Service better than MA.

CMS 2014-2020 cumulative in-network spending, without prescriptions drugs, / private insurance enrollee grew by **21% vs an 8% spending increase / FFS enrollee.**

MA Rebate payments were **17.0% of all MA payments for 2024 – projected to grow by mid-single digits thru 2030. **2018-2023 MA rebates funded 3% /yr. market share gain.****

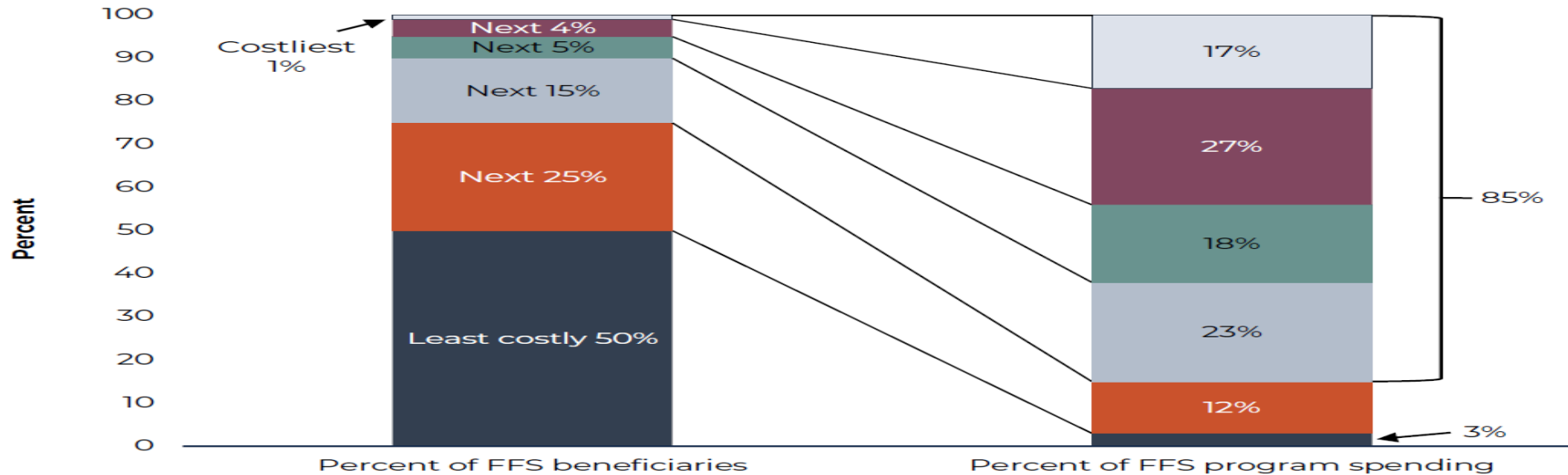
MA holds a **51.6% Market Share – Congress subsidized most of this growth.**

Rebates are denied to Traditional FFS class enrollees who are older and have higher needs for New Chronic benefits granted to MA only enrollees.



Medicare Advantage Is Trojan Horse for Privatizing Medicare

Chart 1-12 FFS program spending was highly concentrated in a small group of beneficiaries, 2020



Note: FFS (fee-for-service). Analysis excludes beneficiaries with any enrollment in a Medicare Advantage plan or other health plan that covers Part A and Part B services (e.g., Medicare cost plans, Medicare-Medicaid Plans, and Medicare and Medicaid’s Program of All-Inclusive Care for the Elderly [PACE]). The Medicare Current Beneficiary Survey is collected from a sample of Medicare beneficiaries; year-to-year variation in some reported data is expected.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, 2020.

> Medicare FFS spending is concentrated among a small number of beneficiaries. In 2020, the costliest 5 percent of beneficiaries (i.e., adding the costliest 1 percent and the next-costliest 4 percent at the top of the bar at left) accounted for 44 percent of annual Medicare FFS spending. The costliest 25 percent of beneficiaries accounted for 85 percent of Medicare spending. The least costly 50 percent of beneficiaries accounted for only 3 percent of FFS spending.

> Costly beneficiaries tend to be those who have multiple chronic conditions, are using inpatient hospital services, are dually eligible for Medicare and Medicaid, and are in the last year of life.



Medicare Advantage Is Trojan Horse for Privatizing Medicare

NRLN FLY-IN TALKING POINTS

September 25, 2023

MEDICARE ADVANTAGE PRIVITIZATION HAS FAILED

REBATES PAID TO INSURANCE COMPANIES ARE USED TO DIFFERENTIATE PRIVATE MA PLANS FROM TAXPAYER OWNED and FUNDED MEDICARE PLANS (A,B and D) -- RESULTING IN WASTING BILLIONS OF TAXPAYER DOLLARS, CANALBILIZING OUR OWN MEDICARE PLAN, CREATING MISLEADING ADVERTIZING, RESTRAINING COMPETITION BY CARVING MARKETS and SUBSIDIZING BENEFITS -- THAT ARE DENIED TO AN OLDER MORE CHRONICALLY ILL CLASS in MEDICARE.

Private Plan Benefits, Premiums, Deductibles and Copay Rebates are Authorized by Statutes. <i>Age and General Health Status/Class</i>	Year Available	In 2023 30.9 Mil. or 53% MA Enrollees <i>Younger/Healthier</i>	In 2023 27.4 Mil. or 47% FFS enrollees <i>Older/Chronic</i>
Initial Added Benefits:		ACCESS	ACCESS
Vision Plan	1997	YES	DENIED
Dental Plan	1997	YES	DENIED
Hearing Plan	1997	YES	DENIED
Silver Sneakers Plan	1997	YES	DENIED
Cost Sharing Payments that Reduce Premiums, Deductibles & Copays		YES	DENIED
1997-2017 COST OF REBATES	est.	\$200 Billion	NOTHING
Congress Authorized the CMS Budget Director to pay Rebates for New Chronic Disease Benefits in the 2018 BBA. 301 Members of Congress Lobby for the Industry.	Year Available	ACCESS	ACCESS
Pay for Transportation to see Doctor	2019	YES	DENIED
Pay for Transportation to Fitness Center	2019	YES	DENIED
Pay for Transportation to the Pharmacy	2019	YES	DENIED
Pay for Over the Counter Medicines (eyedrops, vitamins etc.)	2020	YES	DENIED
Pay for Compression Stockings	2020	YES	DENIED
Pay for House calls by Doctors and other Providers	2020	YES	DENIED
Pay for Home Dialysis	2020	YES	DENIED
Pay for Telehealth Information Services	2020	YES	DENIED
Pay for Personal Safety Devices and Services.	2020	YES	DENIED
Pay for Grab Bars for Showers	2020	YES	DENIED
Pay for Wheelchair Ramps	2020	YES	DENIED
Pay for Assistance (Dressing, Eating, Housekeeping)	2020	YES	DENIED
Pay for Home Delivered Meals	2020	YES	DENIED
Pay for Changed Air Filters for Asthma Patients	2020	YES	DENIED
Pay for Shampooing Carpets for Asthma Patients	2020	YES	DENIED
Pay for Delivery of Heart-Healthy Meals	2020	YES	DENIED
Pay Affordable Care Organizations (ACO) - \$20 / Service	2020	YES	DENIED
Pay to Waiver Geographic Limits - Renal & Stroke Treatment	2020	YES	DENIED
Cost Sharing Payments that Reduce Premiums, Deductibles & Copays		YES	DENIED
2018-2023 COST OF REBATES		\$263 Billion	NOTHING
1997-2023 COST OF REBATES - Growing 5-8% a year.		\$463 Billion	NOTHING
2014 - 2020 Cumualtive Healthcare Spending Growth per Enrollee.		21%	8%
1985-2023 Private Plan Payments/Enrollee Never < than FFS! - 2023 =		109%	100%



No Justice-No
Rebates or New
Benefits for 47% on
FFS

27 million cheated

Rebates Fund New MA Benefits for
53% in Medicare





Congress' "Wait and See" Position on MA, ACO REACH and Privatization Is Dangerous

FFS vs the illegitimate 2010 Medicare Shared Saving Program(MSSP). MSSP was used to manufacture rebates and savings for MA, ACO Pioneer, ACO NextGen, DCE Global. DCE Professional, DCE Global & Professional programs over 12 years. Six programs have attempted to privatize Medicare.

Congress' believes MSSP subsidies will buy privatization! A four-year trial of a seventh program, ACO REACH, started 1/1/2023. An ACO REACH may be 25% controlled by non-provider investors and may retain up to 100% of questionable savings – CMS will not lower next year benchmarks to reflect savings! Why? CMS says that without subsidies ACO REACHES providers will not participate.

CMS AGREES SAVINGS CAN NOT BE REPLICATED IN ACO REACH or MA PLANS!

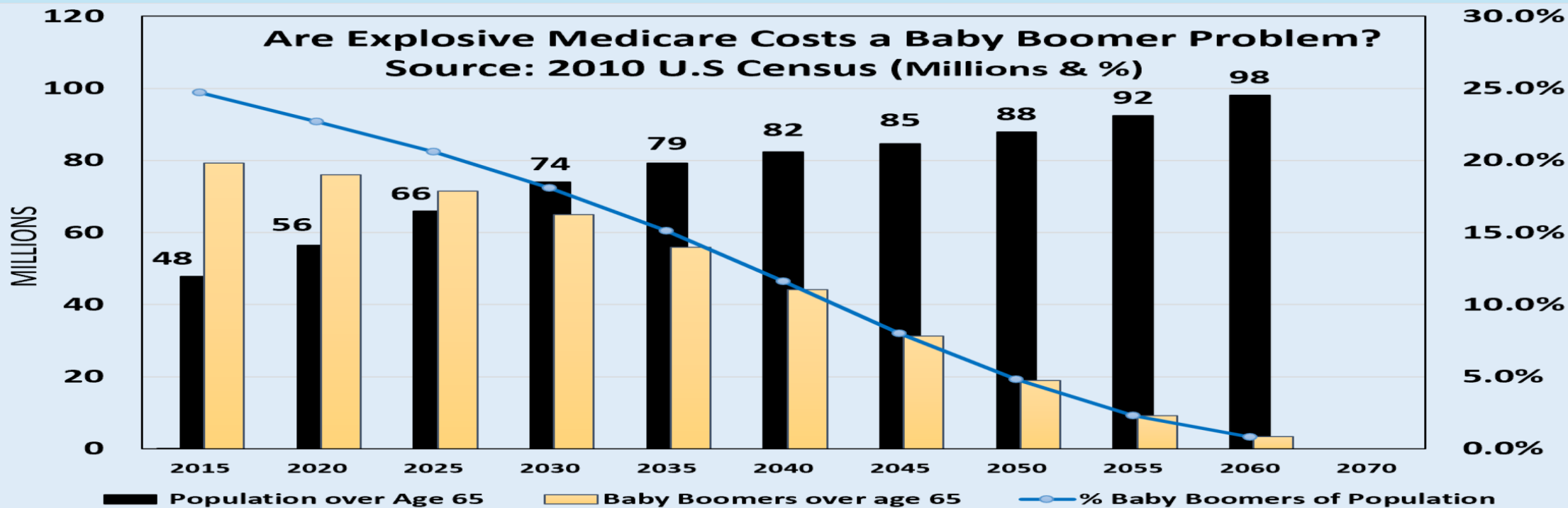
CMS GOAL – 100% OF FFS RETIREES IN MA or ACO REACH BY 2030!

Need hearings and action NOW!



Privatizing Medicare is a Political Goal – Not a Vision for 2060

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nrIn 6/1/20 - Chart 1

2010 U.S. Census	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2070
Population over Age 65	47,830	56,441	65,920	74,108	79,232	82,345	84,712	87,995	92,471	98,165	
% Population over age 65	14.9%	16.9%	19.0%	20.6%	21.4%	21.7%	21.8%	22.1%	22.7%	23.6%	
Baby Boomers over age 65	79,310	76,096	71,512	64,977	55,875	44,254	31,286	18,971	9,218	3,356	
% Baby Boomers of Population	24.7%	22.7%	20.6%	18.1%	15.1%	11.6%	8.0%	4.8%	2.3%	0.8%	
Total Population	321,369	334,503	347,335	359,402	370,338	380,219	389,394	398,328	407,412	416,795	

Questions