NRLN Focus

NRLN
NATIONAL RETIREE LEGISLATIVE NETWORK

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The NRLN Clarion Call… Medicare, The Cat with 9 Lives?

By Bill Kadereit, NRLN President

Medicare is like a cat you don't know your about to lose, because some idiot might run it over. Medicare Advantage plans (MA plans) have demonstrated NRLN's belief that, "privatization" of Medicare has already failed. We have declared that every year since 2017, and every year we get emails telling us to, "leave my MA plan alone!" However, every day we also read articles and reports, confirming NRLN's position. Today 55% of those in Medicare are not in a private MA plan.

Here is what is being echoed throughout the media and among medical professional "experts" who have just discovered what the NRLN saw coming in 2012. What they are saying today is, in the 35 years that MA plans have received taxpayer subsidies there has never been a year when they have been more cost or quality effective than original Medicare, fee-for-service (FFS).

Original Medicare (1974) is the senior's cat. MA is our cat's 2nd life! Privatization was nameless until it became "Choice" in 1995, then "MA" in 2003. In 2022, private insurance companies will be paid over $50 billion dollars in subsidies so they can buy MA prescription drugs, eyecare, hearing and dental plans, silver sneaker memberships, and pay for cost sharing. In 2018 Congress doubled down, it added more FREE benefits that you hear about on TV; changing furnace filters and cleaning carpets to treat asthma, free over the counter medicines, etc. The latest Medicare Trustees report projects the extra cost at $100 billion annually by 2030. Over 27 million MA plan enrollees on 12/31/21 benefited by $1,980 per year each. That is a $53 billion annualized rate. That is Cat-Life #2, the fat cat!

What is wrong with added benefits? Well, they are not free, taxpayers pay 75% of the Medicare Part B and D freebie costs when they pay federal income taxes (general revenue, not payroll tax or premiums), and only 45% in Medicare get them, that is what is wrong. The other 55% in original Medicare pay taxes but they have been denied these new benefits by Congress. Congress has decided to support this form of discrimination.

Members of Congress send the Centers for Medicare and Medicaid (CMS) annual letters begging them to add new MA benefits and then brag to their constituents in places like WV, for example, but 60% in that state are on original Medicare and do not get these extra benefits. Over 60% of members of Congress have signed on with the healthcare insurers' Washington, DC K-Street lobby.

In 2010 Congress hedged its MA plan bet by including a provision in the Affordable Care Act that enabled the 2012 creation of Accountable Care Organizations (ACOs), Cat-Life #3, to help privatize Medicare differently. When ACOs stumbled, Cat Life #4, ACO NextGen emerged in 2016 (died in 2021), in 2019 CMS created Direct Contracting Entities (DCEs) – Geographic (GEO), Cat-Life #5. DCE-GEO converted to DCE–Global, Cat-Life #6, then to DCE Professional, Cat-Life # 7, and then to DCE Global and Professional (GPDC), Cat-Life #8.

In February of 2022, CMS–CMMI (Center for Medicare and Medicaid Innovation) announced another escape route. This time it is curtain-time, Cat-Life #9. On January 1, 2023, DCEs will merge with ACOs to be known as ACO-REACH (Accountable Care Organization – Realizing Equity, Access, and Community Health). MA plan insurers are lining up to apply, to get in on the act. CMMI is a "Houdini" led group that does not know about the theory of holes – when you are in a hole, stop digging. These idiots want to run over our cat! Members of Congress want to wait and see if constituents get harmed before they do anything, and won't reclaim original Medicare and its lower cost and better-quality performance. Congress is drinking industry and CMS "Kool-Aid."

The NRLN has completed a study of ACOs and the news is bad. An ACO can be a collection of doctors, doctors and hospitals, clinics, etc., managed by a common board. Doctors get more base pay plus bonuses if cost is lower than FFS. If higher than FFS contract costs, they are supposed to pay CMS (do you think they will?)!

ACO's have failed. After 10 years, out of 450 of them, only some primary care doctor ACOs have produced an improvement of just 1-2% vs FFS costs and they still do not know how to measure quality improvement. DCEs

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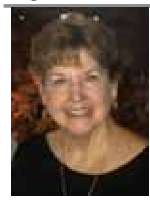
are on trial and ACO REACH is as named, a reach! Cat-Life #9 is wobbling and may go down for the count!

If your doctor joins an ACO or DCE, you go with him or her unless you opt out. Medicare (government) is reviewing our health records to determine which ACO we will be "assigned." You will learn when you get a letter from an ACO or DCE. Your doctor may not speak of an ACO, you may have to ask if he or she is in one.

The NRLN is analyzing how the new ACO-REACH with a January 1, 2023, implementation will affect Medicare enrollees and will report details in videos and emails shortly. My guess is, "privatization of Medicare will fail again!"



By Mary Foley, President- AASBCR® (AT&T Ameritech/SBC Retirees)

The corporate heritage of retirees who are members of AASBCR® (AT&T Ameritech/SBC Retirees) traces back to the Bell System and its consent decree break up that forced AT&T to relinquish control of local telephone companies while AT&T retained long distance services.

Ameritech became one of the seven Regional Bell Operating Companies (Baby Bells), providing telephone service for Illinois, Indiana, Michigan, Ohio and Wisconsin. In 1999, Ameritech was purchased by SBC Communications (named Southwestern Bell Corporation until 1995). Along with its 1997 purchase of Pacific Telesis, and its 1998 purchase of Southern New England Telecommunications in 1998, SBC became the largest U.S. telephone company. (In 2005, SBC Communications acquired AT&T and took the AT&T name. AT&T purchased BellSouth in 2006.)

Given this corporate linage - AASBCR® (AT&T Ameritech/SBC Retirees), became the name of our retirees' association when it was formed in 2003. The following year we joined the National Retiree Legislative Network (NRLN).

AASBCR® works to preserve and enhance pension, healthcare, and other benefits earned by retirees while employed by AT&T and its predecessor and/or successor companies. We assist our members who have benefit questions or are having problems working with 3rd party administrators of AT&T benefits. We maintain a working relationship with AT&T Human Resources management which allows us to present benefit issues for interpretation and hopefully resolution.

Our members are encouraged to support the NRLN's legislative lobbying efforts. Several of our members have Region, State and Congressional District leadership roles in the NRLN's Grassroots Network.

We keep our members informed in a number of ways. "Blue Bulletins" are issued when there are new items, changes or advice for members related to AASBCR® members' Health Care Benefits. "Legislative Ledgers" are issued for legislative news, on both the national and state level, affecting retirees. "Letters from the President" and "Letters from the Board" are issued when necessary. In addition, we publish a Quarterly Newsletter and our website is online with links to valuable information.

Some retirees continue to receive their pension from AT&T, while others were offered and opted for a lump sum payout at retirement. A few years ago, AT&T engaged in pension recoupment, requiring retirees who had received overpayments, some for several years before, due to inaccurate calculations by the AT&T pension fund, to pay back thousands of dollars. This, plus recoupment actions against a few other retiree associations affiliated with the NRLN, was a stimulus for the NRLN's proposal to limit pension beneficiaries' exposure to recoupment.

NRLN's proposal is in a bill that has been passed by the U.S. House of Representatives and is pending with a U.S. Senate committee. Passage of the legislation would change unlimited pension recoupment to within three years of the initial overpayment; limit recoupment to no

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By Jim Odle, President, DuPont Retirees Chapter

DuPont and Dow Chemical Company announced on December 11, 2015, that their boards of directors had approved an agreement for a "merger of equals." Naturally, this plan raised concerns about the security of retiree pensions and other benefits, and we needed a mechanism to organize and communicate with the over 100,000 retirees. Paul Kende and I began a dialogue with the National Retiree Legislative Network (NRLN) about forming a DuPont Chapter.

In my Welcome Message to the DuPont Retirees Chapter (DRC) members on July 20, 2016, I noted that our purpose is (1) to support the NRLN's lobbying efforts to protect retiree income security by legislative advocacy, and (2) to create an organization designed to serve the common interests of all present and future DuPont retirees in preserving our pension and other benefits.

I explained that the DuPont Retirees Chapter webpage would serve as a repository of our communications with the retiree network on pension and benefit security issues and concerns, DuPont SEC filings, and media articles on the DuPont – Dow merger and other issues, potentially impacting DuPont retiree benefits. The postings on our webpage (https://www.nrln.org/nrln-dupont-retirees-chapter/) have also been emailed directly to our DRC members.

The merger of Dupont and Dow was completed on August 31, 2017, with the name DowDuPont. From the start, the plan was for DowDuPont to split into spinoffs. On August 17, 2019, three spinoffs were announced: Dow, DuPont and Corteva, an agriscience company. All retiree benefit plans and obligations were allocated to Corteva, along with corresponding assets. We decided to keep the DuPont Retirees Chapter name because practically all members retired from DuPont and its subsidiaries.

Corteva continues to be the sponsor/owner of the DuPont Pension Plan. Over the years, Paul has been writing periodically updated overviews of the financial status of the Pension Plan. Corteva has also continued the $1,400/year healthcare subsidy (HRA) for retirees and spouses. However, as of 1/1/22, despite our protests and suggested alternatives, we lost $200 from the HRA allowance. Probably a more serious loss to retirees is that Corteva discontinued all our Group Term Life Insurance benefits, which for most of us cannot be replaced at a reasonable cost, if at all, due to age or health issues. Many of us fear the loss of the remaining HRA allowance, although we do not know that Corteva is planning to do this.

We have considered whether the Chapter could take any action to try to reverse Corteva's elimination of our contributory and non-

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more than 10% of the overpayment per year, and exclude recoupment against a beneficiary.

AT&T retirees who retired before January 1, 2022, continue to have corporate healthcare benefits. Those retiring after January 1, 2022 receive no healthcare benefits. Healthcare benefits vary for pre-Medicare eligible and Medicare eligible retirees. Several years ago AT&T decided to offer an HRA (Health Reimbursement Account) to some retirees, rather than the healthcare previously provided to Medicare eligible retirees and their dependents. In 2020, AT&T began offering a Group Medicare Advantage plan to retirees at no cost to the retiree and at a reduced cost to the spouse. However, those selecting the group MA plan would no longer qualify for the HRA.

A blow to AT&T retirees came on January 1, 2022, when life insurance benefits were reduced from the equivalent of one year's pay to $15,000 for management retirees and $25,000 for bargained-for-retirees. We protested this action prior to the effective date but the companies' "reservation of rights" clause in AT&T's life insurance benefit document put the law on the side of the corporation to allow it to change benefits.

AASBCR® and the TelCo Retirees Association, another NRLN member, further informed AT&T of their disapproval of the reduction in the life insurance benefit. AASBCR®, TelCo and all NRLN members who owned AT&T shares were urged to vote against AT&T's recommendations on proxy proposals at AT&T's May 19, 2022, annual shareowners meeting.

Like many of our members, AASBCR® is an AT&T stockholder. The AASBCR® Board decided to encourage a vote NO on the three AT&T Management Proposals and YES to the four Stockholder Proposals.

The Board decided to vote NO on the three Management Proposals because management had chosen to cut retiree benefits – most recently our life insurance benefit – while increasing its own compensation. Regarding the four Stockholder Proposals, the Board decided those proposals deserved a YES vote, contrary to management's recommendations. We wanted to send a message that management can no longer count on AASBCR® support as long as it degrades our benefits.

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contributory life insurance. However, our retirement benefits plan documents contain a "reservation of rights" clause that gives Corteva the right to modify or eliminate the life insurance plan at any time – such reservations of rights have been repeatedly approved/validated by the Courts.

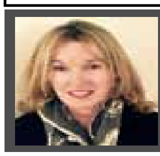
I have attended the NRLN's Washington, DC initiatives to lobby members of Congress, for passage of the NRLN's proposals on important retirement issues, until 2020, due to COVID risks. I have concentrated on meeting with members of Congress or their staff, from states that have large numbers of DuPont retirees.

DuPont retirees support the NRLN's pension recoupment proposal, currently in a bill passed by the House and is pending in a Senate committee. It would change the current unlimited years for pension recoupment to within three years of the initial overpayment, limit recoupment to no more than 10% of the overpayment per year, and exclude recoupment against a beneficiary. The NRLN is optimistic that most of its proposal on improving the Annual Funding Notice on pension plans will soon be in a bill. We also support most of the other proposals for which the NRLN advocates.

We believe it is important to continue supporting the NRLN's lobbying efforts to protect retiree pension plans in mergers, acquisitions and spinoffs, as well as when a pension plan sponsor decides to "de-risk" its pension plan, by transferring it to an insurance company, for an annuities to replace pension payments. Recently, we have been in touch with Corteva top management and advocated that if they decide to annuitize our Pension Plan, they should also purchase secondary insurance against insurance company failure, to replace the loss of PBGC coverage protection.

Fran Topolski Named NRLN Northeast Region Vice President

Fran Topolski, a Lucent/Nokia Retirees Chapter member who has served as the New Jersey State Grassroot Leader since 2016, has been named NRLN Northeast Region Vice President (NJ and NY) by Bob Martina, NRLN Vice President – Grassroots. After earning a Masters Degree in Chemical Engineering at Georgia Tech and serving in the U.S. Navy he had a 41-year career with Lucent Technologies and its predecessor companies. His first position was in Princeton, NJ and was followed by a move to Atlanta where he worked on Fiber Optic development. Topolski had numerous international positions having spent 15 years working in Denmark, Poland, China, India and United Arab Emirates and Saudi Arabia. He and his wife live in Flemington, NJ and have three sons and two daughters.



A View from Washington, DC

Congressional Bills Supporting Retirement

By Alyson Parker, NRLN Executive Director

Congress doesn't seem to agree on a lot these days, but when it comes to retirement issues, they agree that it is time to make some changes to the existing laws to encourage saving for retirement. In 2019, The Secure Act became law. Congress is now considering adding to that law and the NRLN has been busy advocating for solutions to issues that adversely impact our members.

On March 29, 2022, the House easily passed H.R. 2954, Securing a Strong Retirement Act of 2022, which was co-authored by Chairman Richard Neal (MA-01) and Ranking Member Congressman Kevin Brady (TX-08). The Senate is now considering its own retirement packages. The Senate Committee on Health, Education, Labor and Pensions (HELP) introduced the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the NEST Egg Act, also known as the Rise and Shine Act, S. 4353, which was approved by the full HELP Committee on June 14, 2022. The Senate Finance Committee also has its own retirement package on June 17, 2022, called the Enhancing American Retirement Now Act, which was considered by the Senate Finance Committee on June 22, 2022.

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A View from Washington, DC

There are a few provisions proposed by the NRLN contained in these retirement bills. First, all three bills contain language regarding companies recouping overpayments they mistakenly made to the retiree. The bills make these clarifications:

- Recoupment may not be sought if the first overpayment occurred more than 3 years before the participant or beneficiary is first notified in writing of the error.
- Overpayments to a participant is not sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse, or other beneficiary.
- The amount recouped each calendar year does not exceed 10 percent of the full dollar amount of the overpayment.
- Future benefit payments are not reduced to below 90 percent of the periodic amount otherwise payable under the terms of the plan.

Another issue being addressed by the two Senate retirement bills is Section 420 transfers. The Senate Finance bill contains language that NRLN proposed which would extend to 2032 a provision that permits an employer to use assets from an overfunded pension plan to pay retiree health and life insurance benefits provided the transfer is no more than 1.75% of plan assets and the plan is at least 110% funded.

Finally, the NRLN has advocated for years to simplify the Annual Funding Notice sent to pension plan participants each year and also to make the information contained within more relevant and timelier. Working with the HELP Committee staff, we were successful in getting our proposal included in the Rise and Shine Act. Additionally, all three bills call for a three-year study by Treasury, Department of Labor and the PBGC and to report back to Congress on ways to simplify and streamline disclosures so they are more effective.

Once the Senate Finance Committee passes its bill out of committee, Senate staff from the HELP and Finance Committees will meet to merge their two bills. After the Senate Committees agree on a package, it will be voted on by the Senate. Afterward, the House and Senate will conference to work out a final retirement bill that will be voted on by both the full House and Senate. This vote will most likely occur late this year during the lame duck session following the November 8 mid-term election.

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