

## **NRLN "Firefighting" on Capitol Hill**

I arrived in Washington, DC on Monday afternoon after deciding to depart the 100-plus temperatures of my Texas home for an even hotter situation, a political heat wave in our nation's capital. NRLN Executive Director Marta Bascom, our strategic advisor Michael Calabrese and I are doing "firefighting" against potential deals by Congress and the Administration that would increase the debt ceiling in a way that would enact spending cuts harmful to retirees, and we hope to advance other important legislative proposals.

Our Tuesday schedule includes attending a hearing on the role of pension plan fiduciaries held by the House Education and Labor Committee. You may recall that our Regulatory Affairs Committee (RAC) sent the NRLN's comments on this issue to the Employee Benefit Services Administration (EBSA) this spring. We will spend considerable time advocating our pension asset protection, Rx Drug importation and competitive bidding, and PBGC and Mergers and Acquisitions legislative proposals on Tuesday and Wednesday. Meetings are set with the House Ways and Means Committee and Senate Finance Committee staffs and we hope to meet with two other national advocacy organizations to discuss support for our agenda.

While some Democrats have vowed to keep Social Security and Medicare "off the table," news reports are speculating that one or both programs important to retirees could be in the crosshairs of the leaders of both parties. A major threat to Social Security is the possibility of enacting the Chained Consumer Price Index (CPI), a formula change that would cut the Cost-of-Living Adjustment (COLA) for beneficiaries. Over the next 10 years alone, the chained CPI would take \$112 billion directly out of the pockets of beneficiaries.

The NRLN's position is that adopting the Chained CPI would ignore consideration for the fact that retirees must spend a much larger share of their income than others on health care, where costs are increasing at a much higher rate than other living costs. A more accurate index formula is needed that reflects these higher costs. In the NRLN's June 27th news release we stated that Congress should address the long-term funding gap by focusing on modest increases in payroll taxes and increasing the cap on maximum wages subject to the tax.

We are advocating for safe Rx drug importation (S.319) and want Congress to immediately pass a bill (S.44) that requires competitive bidding for Medicare Rx business. We say that if they want to cut Medicare costs, why not show they mean it by passing these two important bills. Competitive bidding savings of just 10% would reduce the Medicare prescription drug budget by \$5.5 billion a year and lower retiree premiums and copays.

On another Medicare front, a recent Kaiser Family Foundation news report stated that some lawmakers are eyeing possible changes in Medicare supplemental plans that could increase retirees' out-of-pocket costs. About 17% of Medicare beneficiaries buy Medigap plans to protect themselves from out-of-pocket health care costs and another 34% get

such coverage through their former employer.

One proposal floating on Capitol Hill would bar supplemental insurance from completely eliminating out-of-pocket costs - or charge enrollees \$530 per year extra if they want to keep such protection. That change could save up to \$53 billion over 10 years, according to a chart used during the bipartisan talks led by Vice President Joe Biden. The NRLN flatly rejects this Medicare proposal. If retirees want to spend their money to buy Medigap plans, that should be their choice. Asking them to absorb higher premiums, deductibles or copays is not cost reduction; it is dumping Medicare cost in retired Americans' laps so politicians can avoid raising taxes.

No one can predict with any accuracy what deficit reduction proposals, if any, may go to the House and Senate in the next few days. Whatever takes shape by August 2nd, the NRLN will do its best to represent the interests of retirees.

Bill Kadereit, President  
National Retiree Legislative Network