

# FRIDAY ALERT



**Alliance for Retired Americans**

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## **President-Elect Obama Officially Presents Tom Daschle as Secretary of HHS**

On Thursday, **Barack Obama** presented former Senator **Tom Daschle** as his choice to become Secretary of the Department of Health and Human Services, as well as to lead efforts to secure “affordable, accessible health care for every single American.” The President-elect said that Mr. Daschle, a former Senate majority leader from South Dakota, would also be director of a new White House Office of Health Reform. In that position, Mr. Daschle will be a leading architect of proposals to expand coverage and rein in health costs, according to *Bloomberg News*. Mr. Obama has pledged to make affordable health insurance available to everyone through government subsidies, to require that insurers cover all applicants regardless of their medical history, and to create a government-provided system similar to Medicare for those who want an alternative to private coverage. He has said that getting everyone covered could cost as much as \$65 billion annually. Savings will come in part from cutting payments to Medicare Advantage (MA) plans. Obama singled out Medicare Advantage - the privately run, government-funded alternative to Medicare - during his Thursday remarks. Obama has called payments to insurers excessive and pledged to reduce funding for Medicare Advantage by \$15 billion annually. Also on Thursday, House Ways and Means Health Subcommittee Chairman **Pete Stark** (D-CA) released a report by the Government Accountability Office (GAO) showing that private MA plans spent less on health care services than they projected in 2006. As a result, private plans pocketed an extra \$1.33 billion in profits – 65% more than estimated in their 2006 bids. This is the second year in a row that MA organization profits exceeded their own projections. Many policy experts say that private insurers would hold down costs and improve care if they had to compete with a public plan. Mr. Daschle wants to establish a Federal Health Board, an independent entity like the Federal Reserve, which would make coverage decisions for federal health programs by reducing or denying payment for new drugs and procedures that aren’t as effective as current ones. Said Alliance Executive Director **Edward Coyle**, “Mentioning Medicare Advantage at such an important press conference shows that President-elect Obama is putting seniors before insurance companies.”

## **Negotiations on Auto Industry Bridge Loan Collapse in Senate**

The prospects of a \$14 billion government loan to the American auto industry fell apart on Thursday night, as Senate Republicans came out forcefully against the bill passed by the House on Wednesday night – a bill that was also supported by the White House. The major stumbling block on reaching a deal was deep wage cuts for union workers. The House package had passed on a 237 to 170 vote, with Democrats providing most of the support. Results of that vote are at <http://clerk.house.gov/evs/2008/roll690.xml>. The House bill would have granted emergency short-term loans to General Motors and Chrysler and required the companies to submit to broad government oversight directed by a “car czar” appointed by **President Bush**. For procedural reasons, the measure needed 60 votes to advance in the Senate; however, only 52 Senators voted for it. “Since the Senate was not able to come to an agreement, we will have to hope that the Treasury

Department acts soon,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. Go to [http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=110&session=2&vote=00215](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=2&vote=00215) for complete results of the Senate vote.

### **Study: Most Seniors Experienced No Reductions in Spending as a Result of Part D**

Last Thursday, a study by the Center for Economic and Policy Research (CEPR) analyzed the extent to which various groups of seniors benefited from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). The report, "The Impact of the Medicare Drug Benefit on Health Care Spending by Older Households," found that most seniors experienced no reductions in their health care spending as a result of the Medicare drug benefit. The study used data from the Bureau of Labor Statistics to compare the changes in spending by older households from 2004 to 2006. The analysis found that only seniors in the lowest income quintiles - the lowest 20% by income and the next lowest 20% - experienced savings on health related expenditures. While households in the 1st and 2nd quintiles - the wealthiest - saw the rate of increase in drug expenditures fall or rise at a slower pace as a result of the MMA, households in the higher quintiles saw a more rapid increase in their prescription drug expenditures. The latter may have been associated with greater use of drugs. To see the full report, go to:

<http://www.cepr.net/documents/publications/Impact-of-Medicare-Drug-Benefit-2008-12.pdf> .

### **Unable to Sell Homes, Some Seniors Unable to Move to Assisted Living**

The housing crisis has kept thousands of older Americans who need support and care from moving into retirement communities or assisted-living centers, effectively stranding them in their own homes, a *New York Times* article reported recently. Without selling their houses or condominiums, many cannot buy into retirement homes that require a payment of \$100,000 to \$500,000 to move in. Some are removing themselves from waiting lists, canceling plans with packing services and staying where they are, in houses that fit well 30 years ago, but over the years have become lonely, too large or too treacherous to navigate. Many residents who moved before selling their homes are spending through their savings while they wait. There are signs that some families and retirees are turning to adult day care services as a stopgap. Providers say their business has spiked as people look for an alternative to continuing care or home aides to provide food, companionship and therapeutic services. Staying in their homes is especially risky for seniors who have trouble getting up stairs or who need someone to check on them.

### **Save the Date: Alliance Legislative Conference June 15-18, 2009**

In the wake of last month's historic elections, the Alliance has moved up its 2009 Legislative Conference to **June 15-18 in Washington DC**. It will provide an opportunity for Alliance members to hear from leading members of the Obama administration, organize grassroots activities to improve Medicare and strengthen retirement security, and lobby on Capitol Hill. "The Obama administration will hit the ground running on issues we've been working on for eight years," said Alliance President **George J. Kourpias**. "We want to mobilize as quickly as we can, so we have moved up the conference from September." More details will be available in January.

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