

FRIDAY ALERT



Alliance for Retired Americans

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Beneficiaries Can Change Medicare Part D Plans Beginning Next Week

According to the *Associated Press*, approximately 2 million low-income Medicare beneficiaries who do not pay monthly premiums will have their prescription drug plans automatically switched next year, while others will have to shop for new Part D coverage to avoid double-digit monthly premium increases. Drug premiums in 2008 will range from \$9.80 to \$107.50 per month. In a new analysis by the Kaiser Family Foundation, if all enrollees were to keep their current plans, average monthly premiums would rise 17 percent, from \$27.39 to \$31.99, and almost one in five participants would see an annual increase of \$120 or more. While the cost for some of the most popular Part D coverage options will jump dramatically – premiums for Humana Inc.'s standard plan will increase by 71 percent – others will decrease. The open enrollment period runs from November 15 through December 31.

New Alliance Bulletin Highlights Retirees' Stake in Health Care Reform

"Health Care We Can Count On" outlines four areas of significant concern to retirees in the current health care debate: Medicare, long-term care, retiree health care, and the future of their families. The bulletin is available at www.retiredamericans.org. With polls indicating health care is Americans' highest domestic priority, change seems imminent. But retirees need to ensure that these changes are improvements to both coverage and benefits. Currently, according to the report, about 4 in 10 Medicare beneficiaries spend more than one-fifth of their incomes on health care, with 1 in 4 spending at least 30%. A longer issue brief will follow. "Retirees demand a health care system that provides quality care for their families without sacrificing the benefits they have worked their entire lives for," said **George J. Kourpias**, President of the Alliance.

Senate Hearing Shines Light on Social Security Fairness Issues

On Tuesday, **Sen. John Kerry** (D-MA) chaired a Senate Finance subcommittee hearing on two provisions of Social Security law that penalize many Alliance members, particularly women. The provisions are the windfall elimination provision (WEP) and the government pension offset (GPO). Both reduce the Social Security benefits of retirees who also receive a government pension that is not part of the Social Security system. A half-dozen bills have been introduced in Congress to repeal or modify these provisions. *The Washington Post* reported that the offset reduces benefits by more than \$3,600 a year for more than 200,000 retirees. The WEP uses a different Social Security benefit formula for government retirees who receive a pension that does not include Social Security, such as those under the Civil Service Retirement System, and who also have enough Social Security-covered employment to qualify for a Social Security benefit. The WEP formula lowers the proportion of earnings that are converted to benefits. The GPO dates to 1977 and mirrors Social Security's "dual-entitlement" rule, which commonly applies to two-income couples. Under that rule, a spouse or surviving spouse receives the higher of his or her Social Security benefit or the spousal benefit, but not both. Efforts to repeal the two provisions have stalled, in large part because of the

cost - billions of dollars over the next decade. **Priya Sara Mathur**, a witness from the American Federation of State, County and Municipal Employees, described the "frightful shock" that hit two women, former city employees, who lost their spousal benefits under GPO and took a second reduction in benefits because of the WEP. **Margaret Kane**, a Massachusetts Teachers Association retiree, testified that she does not collect Social Security benefits earned by her late husband. "These two witnesses really drove home the lack of fairness as the WEP and GPO provisions currently stand," said **Ruben Burks**, Secretary-Treasurer of the Alliance.

Nursing Home Takeover Frightening for Seniors

The Carlyle Group, a global buyout firm whose portfolio includes defense and aerospace contractors, is taking over more than 250 nursing homes run by HCR Manor Care, the nation's largest nursing home chain. Manor Care plans to restructure its operations once Carlyle Group completes its takeover, a move critics say could obscure ownership and make it more difficult to regulate care. The leveraged buyout will saddle the nursing homes with more than \$5.5 billion in debt. The deal also promises whopping payouts for the executive team at Manor Care, with the chief executive officer in line to receive as much as \$186 million. Already, Manor Care homes do not live up to care standards. Eighty-seven percent of Manor Care homes reported staffing levels that are below even the government-recommended minimum levels. The buyout will further squeeze budgets at these homes, making a potentially dangerous situation worse. The Service Employees International Union (SEIU), along with the Alliance and several other senior advocacy organizations, has sponsored an effort to protect the residents and workers at Manor Care facilities. On Tuesday, *The Wall Street Journal* and *Roll Call* ran the groups' ad, which calls for Manor Care to take concrete steps necessary to ensure resident quality of care. These steps include ensuring that Manor's nursing homes meet or exceed federal minimum resident care regulations at all times; disclosing the impact of the buyout to nursing home residents and their families; and structuring the buyout so that Manor Care staff has a role in the reorganization.

Maryland/DC Alliance, Washington State Alliance Take Action from Coast to Coast

The Maryland/DC Alliance held its annual convention last Friday, and **Bruce Dunton** was re-elected as President. The following new officers were elected: **Reginald Grier**, Treasurer; **Gloria Webster**, Secretary; **Jody Oliver**, Vice President; and **Sadie Coleman**, Vice President. **George Kourpias** and **Edward Coyle**, Executive Director of the Alliance, spoke at the convention, and **David Waugh** was appointed Maryland/DC Executive Director. In Washington State, Alliance members played a key role in the passing on Tuesday of Referendum 67 (R-67), which allows triple damages in lawsuits alleging bad faith by insurance companies. In addition, the Washington State Alliance has filed a formal complaint asking the State Public Disclosure Commission to take enforcement action against three insurance companies for letters, which, it charged, "clearly violate several requirements of state law." "Voters have a right to know that the campaign against R-67 was being paid for by the insurance companies themselves, not by individual State Farm agents," State President **Art Boulton** said.