

# FRIDAY ALERT



**Alliance for Retired Americans**

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## **Medicare Beneficiaries Face 12 Percent Hike in 2009 Drug Premiums**

According to a report by the Associated Press, the average Medicare Part D beneficiary will face a 12% monthly premium increase in 2009. Federal government projections show the cost of standard drug coverage rising \$3, to \$28 each month. The estimate was based on bids from the private insurance companies administering the plans, and the increase is due largely to higher drug costs and a larger number of prescriptions per person, according to Medicare officials. About 17.4 million people are enrolled in Part D plans offering only prescription drug coverage, while an additional 7.6 million pay for ones with more comprehensive health benefits. “If you are a retiree on a fixed income facing difficult times, you are not alone,” said **Edward F. Coyle**, Executive Director of the Alliance. “Higher gas prices, higher health care costs, and lower returns on investments are creating a real crunch for many seniors.”

## **Major Victory for Raytheon Retirees As Court Orders Health Benefits Restored**

Retirees of Raytheon Missile Systems scored a major victory recently, as a U.S. District Court in Arizona ordered the company to restore health care benefits to them and their dependents. The ruling came on a class action lawsuit filed by International Association of Machinists and Aerospace Workers (IAM) Local 933 on behalf of all IAM retirees who have worked at Raytheon since 1990, after they found health benefits slashed. In a case which will set legal precedent for other workers whose benefits are unilaterally terminated by their employers, the corporation must do more than recommence coverage for employees who were eligible under collective bargaining agreements made between 1990 and 1999. It must also reimburse the hundreds of retirees who were forced to pay premiums out of pocket while the lawsuit was pending. “This is not just a victory for Raytheon employees, but for all retirees,” said **George J. Kourpias**, President of the Alliance for Retired Americans and former President of the IAM. “When workers fight for fair agreements and make sacrifices to continue receiving these benefits into retirement, they deserve the affordable health care they have been promised.”

## **New Study Examines Impact of Doughnut Hole in 2007**

A new report by the Kaiser Family Foundation quantifies the number of Medicare Part D plan enrollees who reached the “doughnut hole,” the gap in their prescription drug coverage, in 2007. The study of Part D prescription drug utilization found that 26% of Part D enrollees who filled any prescriptions in 2007 reached the gap. This includes 22% who stayed in the gap for the remainder of the year, and 4% who ultimately received catastrophic coverage. Applying this estimate to the entire population of Part D enrollees, the analysis suggests that about 3.4 million beneficiaries, or 14% of all Part D enrollees, reached the coverage gap and faced the full cost of their prescriptions in 2007. Conducted by researchers at Georgetown University, the University of Chicago and Kaiser, the study found evidence of patients changing their use of prescription drugs when they

were in the coverage gap. Across eight classes of drugs examined, 15% of Part D enrollees who reached the gap stopped their drug therapy for that condition, 5% switched to another medication in the class, and 1% reduced the number of drugs they were taking in the class. The standard Part D benefit in 2008 has a \$275 deductible and 25% coinsurance, up to an initial coverage limit of \$2,510 in total drug costs, followed by a coverage gap where enrollees pay all of the next \$3,216 in drug costs. After reaching that limit, beneficiaries pay 5% of any additional drug costs. For 2007, these amounts were slightly lower. The study also found that people who reached the gap paid the full cost of their medications, without any help from their Part D plan, for an average of just over four months, and received catastrophic coverage for less than one month. The study analyzed retail pharmacy claims data, based on 4.5 million Medicare beneficiaries in Part D plans in 2007, the first year that most people were enrolled in a Part D plan for a full calendar year. The report, *The Medicare Part D Coverage Gap: Costs and Consequences in 2007*, is available online at <http://www.retiredamericans.org>. “If Medicare were able to use its negotiating power to strike a better deal with drug companies, not nearly as many people would be in the doughnut hole,” said **Ruben Burks**, Secretary-Treasurer of the Alliance.

### **Simulating Age 85**

*The New York Times* reported earlier this month on “Xtreme Aging,” a training program designed to simulate the diminished abilities associated with growing older. As part of the training, participants put on distorting glasses to blur their vision; stuffed cotton balls in their ears to reduce hearing, as well as in their noses to dampen their sense of smell; and put on latex gloves with adhesive bands around the knuckles to impede their manual dexterity. They also put kernels of corn in their shoes to approximate the aches that come from losing fatty tissue. They had become “virtual members” of the 5.3 million Americans age 85 and older, the nation’s fastest-growing age group - the people the trainees work with every day. The training group then went through a series of routine tasks, including buttoning a shirt, finding a number in a telephone book, dialing a cell phone, and folding and unfolding a map. The result was “a domestic obstacle course” - some tasks were difficult, some impossible. The type in the telephone book appeared microscopic, the buttons on the cell phone even smaller. Refolding the map and handling the coins were found to be extremely difficult. Macklin Intergenerational Institute in Findlay, Ohio developed Xtreme Aging as a sensitivity training program for schools, churches, workplaces and other groups that have contact with older people. As the population in the developing world ages, simulation programs like Xtreme Aging have become a regular part of many nursing or medical school curriculums, and have moved into the corporate world, where knowing what it is like to grow older increasingly means better understanding one’s customers and employees. The simulation is not quite like the aging process, however. As people get older, they lose their abilities slowly, and compensate by adjusting their behavior.

### **Did You Know...**

The number of those age 85 and older is expected to more than triple, from 5.4 million in 2008 to 19 million, by 2050 (CNN).