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*“Fighting for the future of our members,
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Affiliated with the Rhode Island AFL-CIO

April 22, 2013 E-Newsletter



HEALTH CARE BENEFITS FOR SENIORS IN 2013

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act (ACA). The Act provides numerous benefits for seniors under Medicare and Medicaid. Here are the major changes for 2013.

Free Medical Check Ups under Medicare Continue

Prior to passage of the ACA, Medicare allowed for a one-time free check up when seniors joined the Medicare program. In 2011, seniors began receiving a free check up; this benefit is now available on a yearly basis.

Free Preventive Screenings Continue

Beneficiaries no longer have to pay any cost sharing for Medicare covered preventive services that are recommended by the U.S. Preventive Services Task Force and rated A or B. The law also waives the Medicare deductible for

colorectal cancer screening tests.

Prescription Drug Discounts Continue and Subsidies Increase

In 2013, the Medicare Part D drug benefit doughnut hole is from \$2970 to \$7720.

Prior to the passage of PPACA, when beneficiaries fell into doughnut hole, they had to pay 100% of the costs of their prescription medications. The new health care law provides drugs discounts and subsidies to help fill in the doughnut hole. In 2013, Medicare beneficiaries who fall in the Part D drug benefit doughnut hole will receive a 50% discount on the price of their **brand name** drugs.

Beneficiaries who fall in the doughnut hole will also receive a 21 % government subsidy toward the cost of **generic** drugs and 2.5%

subsidy for brand name drugs. Thus, the total out-of-pocket costs (this includes what beneficiaries pay -- deductible and co-payments -- plus drug discounts) is \$4750. The doughnut hole will be closed by 2020.

Expands “Bundling” Pilot Program to Coordinate and Improve Care

Establishes a national pilot program to encourage hospitals, doctors and other providers to work together and coordinate care. Under “bundling,” hospitals, doctors and providers are paid a flat fee for each episode of care, instead of the current system that pays for each service or test separately. This provides an incentives for providers to work together, become more efficient and provide better quality care.

Increase Payments to Primary Care Providers

Primary care providers under Medicaid will be paid at 100% of Medicare payment rate. This provision is fully paid for by the federal government.

Preventive Care Funding

The law provides funding to state Medicaid programs to cover preventive services for patients at little or no cost.

For more information about the Medicare benefits that go into effect in 2012, go to: <http://healthreform.kff.org/timeline.aspx>

or visit: <http://www.healthcare.gov/foryou/seniors/index.html>

To view the Medicare 2013 handbook visit: <http://www.medicare.gov/publications/pubs/pdf/10050.pdf>

Obama budget starts underwater with public

by Scott Clement, Washington Post



President Obama’s courtship of Republicans hit a critical point last week when he unveiled a budget proposal pitched as an effort at compromise. But a new Washington Post-ABC News poll finds Americans’ initial reactions to the framework tilting negative, with broad opposition from Republicans and little public support for a key idea to reduce increases in Social Security payments.

Overall, roughly one-third of Americans offer no opinion on Obama’s budget, but those who do, lean against it (30 percent approve; 38 percent disapprove). The negativity stems from large opposition among Republicans (63 percent) and a negative split among independents (26 percent approve; 41 percent disapprove)...[Read More](#)

The President released his FY 2014 budget on April 10, 2013. While none of the budgets proposals below (see **chart next page**) are binding documents, they are a reflection of priorities which may guide later legislative negotiations. The chart below highlights the differences between the three budgets, specifically on Social Security and Medicare.

Outlook: Budget negotiations are expected to last through this spring and into early summer. Given the differences between the House and the Senate budgets, it is unclear whether they will actually be able to come to any agreement on their two very different budgets for fiscal year 2014. Reports indicate that the negotiations will focus not just on a FY 2014 budget, but also on a possible “grand bargain” that may be made as part of a larger deal to raise the debt ceiling. We are concerned that a grand bargain may include cuts to Social Security, Medicare and Medicaid.

BUDGET TALKING POINTS

OPPOSE THE CHAINED CPI!

It's an **immediate Social Security benefit cut!** It's not just a simple technical change without any impact - it's an immediate, real cut to the benefits you have earned every year into the future.

It is NOT just a small benefit cut! Switching to a chained CPI would compound benefit reductions dramatically over time, resulting in an annual benefit that is roughly \$1,000 (2012 dollars) lower by the time a beneficiary reaches age 85.

We need a higher COLA - not a lower one! The current COLA is not enough - it does not accurately account for large health care cost increase faced by seniors and people with disabilities.

The chained CPI is a tax hike on working Americans! If Congress switched to using the slower-moving chained CPI to track inflation, more lower and middle incomes will be pushed into higher tax brackets (which are indexed to inflation). According to Congress' Joint Committee on Taxation, if individual income taxes had been indexed to the chained CPI starting four months ago, by 2021, 69 percent of the gains in revenue would come from taxpayers with incomes below \$100,000, while those in the highest income brackets would barely be affected.

If we truly want to strengthen Social Security, **we must lift the cap** on wages so that income above \$113,700 may contribute to Social Security.

Social Security has not contributed one dime to the federal budget deficit and does not belong in deficit reduction discussions or deals.

OPPOSE MEDICARE CUTS TO BENEFICIARIES

Don't shift costs to beneficiaries! Further means testing benefits, increases the Part B deductible, copays for home health and the surcharge on Medigap plans shifts costs on to beneficiaries rather than dealing with rising cost of care.

We should build on the savings of health reform and **support Medicare drug discounts** that reduce drug costs.

Don't turn Medicare into a voucher program! Voucher would take away seniors' guaranteed benefits under Medicare, and, instead, seniors would get a stipend that is insufficient and would not keep up with the cost of health care.

**See Chart On The Next Page That Compares The
President Obama, Rep. Ryan & Senator Murray Budgets
(Senators Reed & Whitehouse voted yes on the Murray Budget)
(Congressmen Langevin & Cicilline voted no on the Ryan Budget)**

	President's Budget FY 2014	House Budget, FY 2014 ("Ryan Budget") (H. Con. Res. 25)	Senate Budget, FY 2014 ("Murray Budget") (S. Con. Res. 8)
Status	Released April 10, 2013	Passed House: 221-207.	Passed Senate: 50-49.
Overview	Sets goal of reducing deficit to 2.8% of GDP by 2016 with a mix of spending cuts and tax increases.	Seeks to balance the federal budget in 10 years by \$4.6 trillion in spending cuts while giving \$5.7 trillion in new tax cuts for the wealthy and corporations.	Sets goal of reducing the deficit by \$1.85 trillion between spending cuts and tax increases.
Cuts Medicare?	Yes. \$374 billion in savings from drug discounts and more means testing. For new beneficiaries, increase in Part B deductibles, surcharge on Medigap policies with near first dollar coverage, \$100 copay for home health visits. <i>Closes doughnut hole by 2015.</i>	Yes. \$355 billion in Medicare cuts. Voucherizes Medicare, by providing limited stipend, raises Medicare age, allows for further means-testing of the program (seniors with incomes over \$47,000 could pay higher premiums).	Yes. \$265 billion in Medicare savings, however, this would be done by cutting waste and thru delivery system reform, not benefit cuts.
Cuts Social Security?	Yes. Includes the chained CPI, which reduces Social Security Cost-of-Living Adjustments over time.	Opens the door to fast-track changes in Social Security.	No.
Replaces Sequester?	Replaces the sequester.	Keeps the sequester cuts in place.	Replaces the sequester.
Repeals ACA?	No.	Yes.	No.

Rhode Island Congressman David N. Cicilline's

Resolution Opposing the Chained CPI Introduced Thursday, April 18, 2013



In the coming months, the chained CPI will likely be the subject of various budget negotiations. Congressman Cicilline (D-RI) intends to introduce a resolution tomorrow (Wednesday, April 17th) opposing the chained CPI and is seeking as many cosponsors as possible. We are working with his office to encourage other members of Congress to cosponsor the resolution. (As you know, a resolution is not binding on those who sign it and is really just an expression of the opinion of those who do sign on. That said, it is a useful tool in getting various members of Congress on record on a particular subject – which is the purpose of our exercise.) A good show of support for this resolution would indicate to other members that they too should reject the chained CPI. **(RI Congressman James Langevin has co-signed) Read the Resolution go to www.ri-ara.org click on the RI ARA News tab, click on [Rep. Cicilline's Resolution Against Chained CPI](#).**

Your role:

Please send a letter to your House rep, urging him/her to cosponsor the Cicilline resolution. For your convenience, we recommend pasting the body of the attached letter (enter state information/date where denoted) onto your state Alliance letterhead, along with the signature of your state president. Please review the list below to determine whether your representative has already joined as a cosponsor or not. The priority is to target democrats for co-sponsorship of this resolution.

The Alliance for Retired Americans in their Friday Alert sent out to all affiliated organizations, ask for member to ask their Congressional members to support Congressman Cicilline's Resolution.

Original Cosponsors (61): Barber, Beatty, Bonamici, Braley, Bustos, Cartwright, Christensen, Chu, Clay, Conyers, Cummings, DeFazio, Deutch, Edwards, Ellison, Garamendi, Grayson, G.Green, Grijalva, Hahn, A. Hastings, Higgins, Holt, Huffman, Jackson Lee, E.Johnson, Kaptur, Kirpatrick, **Langevin**, Lee, Loeb sack, Lowenthal, Lynch, Maffei, Markey, Matsui, McDermott, McGovern, Michaud, Moore, Nadler, Napolitano, Nolan, Norton, Payne, Peters, Pingree, Pocan, Roybal-Allard, T.Ryan, Rush, Schakowsky, Shea Porter, Sires, Speier, Takano, Vargas, Vela, Waters, Welch, F. Wilson

AFL-CIO chief rips Obama's 'indefensible' budget move

By Kevin Bogardus

The head of AFL-CIO on Wednesday assailed the proposed cuts to entitlement programs in President Obama's budget plan as "wrong and indefensible."

AFL-CIO President Richard Trumka said the White House plan wasn't what people voted for in November when they reelected the president.

"A president's budget is more than just numbers. It is a profoundly moral document. We believe cutting Social Security benefits and shifting costs to Medicare beneficiaries — while exempting corporate America from shared sacrifice — is wrong and indefensible," Trumka said.

Included in Obama's budget proposal is call for "chained CPI." The policy **would readjust** how cost-of-living increases are calculated for Social Security benefits, ultimately reducing them. In addition, the budget plan also cuts into Medicare benefits.

The AFL-CIO has long opposed the use of the chained CPI formula, and had warned Obama in the past to steer clear of it.

Other liberal allies of the president are up in arms about the proposed change to entitlements. A petition with more 2 million signatures opposing chained CPI was delivered to the White House on Tuesday.

Trumka also criticized the Obama administration for offering a "revenue neutral" tax reform plan, which he said could lead to some corporations paying less in taxes, while proposing to cut pay and retirement for federal workers.

The labor leader said Obama's plan "does include several proposals worthy of praise," such as providing universal access to pre-kindergarten programs and closing "tax loopholes that allow corporations to get away with shifting profits overseas to avoid U.S. taxes."

But overall, labor is not happy with the budget plan from a president they have considered an ally. Unions helped turn out voters in key battleground states for Obama during the 2012 campaign.

"Last November, working Americans voted for jobs and growth, not for budget austerity and benefit cuts. We urge the President to drop these cuts and build support for investing in jobs," Trumka said.

Rockefeller Bill Would Save Taxpayers Billions

Medicare Drug Savings Act Provides Common Sense Solution to High Drug Prices

Washington, D.C. ---

In a response to the federal government paying unconscionably high drug prices for dual-eligibles on Medicare, Senator Jay Rockefeller (D-WV) introduced legislation today to require drug companies to provide discounts for low-income Medicare beneficiaries, as they currently do under Medicaid. The Alliance for Retired Americans strongly supports

Rockefeller's legislation which would save taxpayers and Medicare beneficiaries billions of dollars.

After passage of the Medicare prescription drug law in 2003, drug companies received windfalls worth billions of dollars, as a result of no longer applying rebates for dual-eligibles (beneficiaries who qualify for Medicare and Medicaid). Senator Rockefeller's 2013 Medicare Drug Savings Act reverts back to previous law

and recaptures the savings lost under the Medicare drug law. By simply returning these beneficiaries to Medicaid-negotiated rebates, taxpayers would save \$141.2 billion over the next ten years.

Drug companies often charge what the market will bear for prescription drugs. This has resulted in Americans paying the highest prices in the world for prescription drugs. It's time for common sense reforms to ease price-

gouging of Medicare beneficiaries and the federal government. By pursuing these savings, we can rein in health care inflation without burdening families with added health care costs or driving up the federal budget deficit.

Senators Reed & Whitehouse have signed on as co-sponsors to this legislation. [Read Coalition Support Letter](#)



Drug Makers Use Safety Rule to Block Generics

For decades, pharmaceutical companies have deployed an array of tactics aimed at preventing low-cost copies of their drugs from entering the marketplace. But federal regulators contend the latest strategy — which relies on a creative interpretation of drug safety laws — is illegal. [Read More](#)



ELDERLY PATIENTS ROUTINELY PRESCRIBED RISKY DRUGS

Anahad O'Connor, The New York Times

Doctors in the United States routinely prescribe potentially harmful drugs to older patients, and the problem is particularly acute in the South, a new study shows... [Read More](#)

Senator Sheldon Whitehouse "WE MUST NOT GIVE UP"

It's disappointing that, in the wake of one of the most tragic acts of gun violence in our nation's history, a group of Senators chose to block by filibuster these commonsense measures — effectively standing with far-right groups like the NRA over gun-violence victims and their families. I was proud today to stand with the majority of Americans who support efforts to get rid of background-check loopholes and high-capacity ammunition magazines, and I will continue standing with them for as long as it takes. We must not give up. (Senator Reed also voted "YES")



Forbes: Rhode Island Pensioners 3% COLA Will Go to Pay Wall Street 4%+ Fees

3% COLA will bankrupt state pension, says Treasurer; 4%+ hedge fund fees will save it.

Rhode Island State Treasurer Gina Raimondo in her report, "Truth in Numbers: The Security and Sustainability of Rhode Island's Retirement System," June 2011, told the electorate that any comprehensive solution to the state pension's funding shortfall had to include "modifications" to the cost-of-living-adjustments (COLA) promised to state workers. By "modifications," she didn't mean increases.

Retired, largely elderly state workers had to have their benefits shaved by 3% annually to "save" the pension, they were told. With an average pension benefit of \$33,000, the Treasurer apparently figured these retirees could learn to live a bit more frugally in their golden years. -[READ MORE](#)

Four In 10 Americans Feel Sequester Pain

Washington Post, Posted by *Rachel Weiner*

Lower income and rural Americans are more likely to report sequester-related pain.

“More than half of Americans who make less than \$50,000 a year say that the forced spending cuts have affected their personal finances, compared to only about a third of those with

higher incomes,” said CNN Polling Director Keating Holland. “Rural Americans are also more likely to report that those cuts have affected them personally than people who live in cities and suburbs.”

The nonpartisan Congressional Budget Office has estimated that

the sequester will cost the economy 750,000 jobs, though several private economists believe the loss will be significantly smaller.

President Obama has struggled to keep the spotlight on the sequester; this poll bolsters the White House argument that the

cuts have been painful even if they haven't forced any government crisis. But Washington Post polling finds that even as most voters say they don't like the sequester, there is no agreement on how to replace the cuts.



We Need to Invest in Public Transit to Keep America's Economy Moving

by *Brian Lonbarozzi, USW*

As a nation, we need to face that fact that austerity simply does not work. Our nation's infrastructure will continue to crumble if we do not invest in its repair, and our economy will continue to stagnate if we don't expand our infrastructure to meet the needs of our growing population....[Read More](#)

New PayWatch Spotlights CEO Pay, Fix the Debt Hypocrisy, Golden Nest Eggs and More

by *Mike Hall*

Did you know that the CEOs of the Campaign to Fix the Debt, the corporate front group that wants to cut Social Security and Medicare and lower corporate taxes, have parked more than \$418 billion of untaxed corporate profits overseas? Overall it is estimated that U.S. corporations have as much as \$1.9 trillion sheltered overseas. That would make a nice down payment on fixing the debt.

You can read about "Fix the Debt" and more in the 2013 edition of the AFL-CIO's Executive PayWatch launched today. PayWatch not only shines a light on Fix the Debt hypocrisy, but it also explores the huge wage gap between CEO pay and the average U.S. worker. PayWatch started in 1997. ...[Read More](#)[Visit www.paywatch.org](http://www.paywatch.org).



SEQUESTRATION NATION:

MEDICARE REDUCTIONS ARE HURTING ELDERLY CANCER PATIENTS

Kwame Boadi, Center for American Progress

The 2 percent reduction in Medicare services that cancer patients face is precisely the kind of blunt and indiscriminate cut that the Obama administration and Congress warned were on the way. As a result, some cancer patients will not receive treatment, clinical trials vital to ultimately finding a cure for cancer will be hampered, and the government may have to pay even more money when everything is said and done....[Read More](#)

PRESIDENT OBAMA'S BUDGET: IMPACT ON HEALTH CARE

Jennifer Haberkorn and Brett Norman, Politico

The health care sector saw some huge gains and losses in last week's White House budget presented by President Barack Obama.

It will not pass the Congress or become law, but the document underscores White House priorities. And if grand bargain negotiations resume this year, the document could become the floor, exciting some health players and making others nervous...[Read More](#)