



September 30, 2013 E-Newsletter

Social Security Benefits Likely to be Paid on Time Even if There is a Shutdown



According to CNN, in the event of a shutdown, it's very likely that the nearly 58 million people who receive Social Security benefits would still be paid on time. The money used to fund Social Security benefits is automatically authorized and not dependent on Congress coming to a compromise on a new federal spending measure by Monday night. However, what isn't automatically authorized is the money that Congress appropriates every year to run the Social Security Administration and pay its employees to process those benefits.

During the last two government shutdowns in the mid-1990s, Social Security checks were sent out on schedule. That happened even though the Social Security Administration was grossly understaffed during the first -- and shorter -- of the two shutdowns. It had kept on just under 5,000 employees. Once it realized how many more were needed to carry out essential duties, the agency was quick to staff up. By the second shutdown, which lasted 21 days, the agency required the majority of its employees (55,992) to keep coming to work, furloughing just 10,203 workers.

“Applicants for new benefits would be in much greater danger of facing delays than current beneficiaries would,” said **Ruben Burks**, Secretary-Treasurer of the Alliance.

Debt Ceiling: A Threat to Social Security and Medicare

While a relatively short shutdown may not imperil Social Security beneficiaries, the failure by lawmakers to raise the nation's borrowing limit could.

“The biggest risk to Social Security payments is the debt ceiling,” said **Charles Konigsberg**, who was assistant director of the White House budget office during the last shutdown.

If the ceiling isn't raised, the Treasury Department will eventually run short of funds to pay all its bills. The debt limit will be reached “no later than October 17,” Treasury secretary **Jack Lew** wrote to Speaker Boehner on Wednesday.

According to *Bloomberg News*, Senate Republicans have a strategy for lifting the U.S. borrowing limit: offer what President **Barack Obama** asked for in his budget, then dare him to refuse. Republicans would be willing to replace some of the \$1.2 trillion in automatic spending cuts to domestic and military programs over the next nine years in exchange for cuts to Social Security and Medicare, Sen. **John Cornyn** (R-TX) said.

In July, the House Ways and Means Committee, which oversees tax policy, released drafts that include the Chained CPI formula to cut Social Security benefits, along with reducing payments to hospitals and other providers under Medicare. The ideas were borrowed from President Obama's fiscal 2014 budget and proposals put forward by his 2010 deficit-reduction commission. By contrast, in their budget plans, Republicans advocated converting Medicare to a voucher program and changing Medicaid to a state-based block-grant system. More at <http://tinyurl.com/nhxxmce>.



Looting the Pension Funds: How Wall Street Robs Public Workers



In the final months of 2011, almost two years before the city of Detroit would shock America by declaring bankruptcy in the face of what it claimed were insurmountable pension costs, the state of Rhode Island took bold action to avert what it called its own looming pension crisis. Led by its newly elected treasurer, Gina Raimondo – an ostentatiously ambitious 42-year-old Rhodes scholar and former venture capitalist – the state declared war on public pensions, ramming through an ingenious new law slashing benefits of state employees with a speed and ferocity seldom before seen by any local government.

Detroit's Debt Crisis: Everything Must Go

Called the Rhode Island Retirement Security Act of 2011, her plan would later be hailed as the most comprehensive pension reform ever implemented. The rap was so convincing at first that the overwhelmed local burghers of her little petri-dish state didn't even know how to

react. "She's Yale, Harvard, Oxford – she worked on Wall Street," says Paul Doughty, the current president of the Providence firefighters union. "Nobody wanted to be the first to raise his hand and admit he didn't know what the fuck she was talking about."

Soon she was being talked about as a probable candidate for Rhode Island's 2014 gubernatorial race. By 2013, Raimondo had raised more than \$2 million, a staggering sum for a still-undeclared candidate in a thimble-size state. Donors from Wall Street firms like Goldman Sachs, Bain Capital and JPMorgan Chase showered her with money, with more than \$247,000 coming from New York contributors alone. A shadowy organization called EngageRI, a public-advocacy group of the 501(c)4 type whose donors were shielded from public scrutiny by the infamous Citizens United decision, spent \$740,000 promoting Raimondo's ideas. Within Rhode Island, there began to be whispers that Raimondo had her sights on the presidency. Even former Obama right hand and Chicago mayor Rahm Emanuel pointed to Rhode Island as an example to be followed in curing pension woes.

What few people knew at the time was that Raimondo's "tool kit" wasn't just meant for local consumption. The dynamic young Rhodes scholar was allowing her state to be used as a test case for the rest of the country, at the behest of powerful out-of-state financiers with dreams of pushing pension reform down the throats of taxpayers and public workers from coast to coast. One of her key supporters was billionaire former Enron executive John Arnold – a dickishly ubiquitous young right-wing kingmaker with clear designs on becoming the next generation's Koch brothers, and who for years had been funding a nationwide campaign to slash benefits for public workers.

Nor did anyone know that part of Raimondo's strategy for saving money involved handing more than \$1 billion – 14 percent of the state fund – to hedge funds, including a trio of well-known New York-based funds: Dan Loeb's Third Point Capital was given \$66 million, Ken Garschina's Mason Capital got \$64 million and \$70 million went to Paul Singer's Elliott Management. The funds now stood collectively to be paid tens of millions in fees every single year by the already overburdened taxpayers of her ostensibly flat-broke state. Felicitously, Loeb, Garschina and Singer serve on the board of the Manhattan Institute, a prominent conservative think tank with a history of supporting benefit-slashing reforms. The institute named Raimondo its 2011 "Urban Innovator" of the year.

The state's workers, in other words, were being forced to subsidize their own political disenfranchisement, coughing up at least \$200 million to members of a group that had supported anti-labor laws. Later, when Edward Siedle, a former SEC lawyer, asked Raimondo in a column for Forbes.com how much the state was paying in fees to these hedge funds, she first claimed she didn't know. Raimondo later told the *Providence Journal* she was contractually obliged to defer to hedge funds on the release of "proprietary" information, which immediately prompted a letter in protest from a series of freaked-out interest groups. Under pressure, the state later released some fee information, but the information was originally kept hidden, even from the workers themselves. "When I asked, I was basically hammered," says Marcia Reback, a former sixth-grade schoolteacher and retired Providence Teachers Union president who serves as the lone union rep on Rhode Island's nine-member State Investment Commission. "I couldn't get any information about the actual costs."

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This is the third act in an improbable *triple*-fucking of ordinary people that Wall Street is seeking to pull off as a shocker epilogue to the crisis era. Five years ago this fall, an epidemic of fraud and thievery in the financial-services industry triggered the collapse of our economy. The resultant loss of tax revenue plunged states everywhere into spiraling fiscal crises, and local governments suffered huge losses in their retirement portfolios – remember, these public pension funds were some of the most frequently targeted suckers upon whom Wall Street dumped its fraud-riddled mortgage-backed securities in the pre-crash years.

Today, the same Wall Street crowd that caused the crash is not merely rolling in money again but aggressively counterattacking on the public-relations front. The battle increasingly centers around public funds like state and municipal pensions. This war isn't just about money. Crucially, in ways invisible to most Americans, it's also about blame. In state after state, politicians are following the Rhode Island playbook, using scare tactics and lavishly funded PR campaigns to cast teachers, firefighters and cops – not bankers – as the budget-devouring boogymen responsible for the mounting fiscal problems of America's states and cities.

Secrets and Lies of the Bailout

Not only did these middle-class workers already lose huge chunks of retirement money to huckster financiers in the crash, and not only are they now being asked to take the long-term hit for those years of greed and speculative excess, but in many cases they're also being forced to sit by and watch helplessly as Gordon Gekko wanna-be's like Loeb or scorched-earth takeover artists like Bain Capital are put in charge of their retirement savings....[Read More](#)

CHOICES GIVE NEW MEANING TO 'HOME, SWEET HOME'

Fran Hawthorne, New York Times



As millions of baby boomers reach retirement age (and in many cases care for elderly parents), families and the retirement industry have reworked old lifestyle formats and created hybrids.

“We used to think that a person lived in their own home, and if they got frail they moved in with a relative or to a nursing home,” said Jon Pynoos, a professor of gerontology, policy and planning at the University of Southern California. “People need more choices.”...[Read More](#)

SURVEY: SOME SENIORS CONFUSED ABOUT LAW AND MEDICARE

Kelly Kennedy, USA Today

About 17% of seniors incorrectly believe the Affordable Care Act replaces their Medicare with insurance policies purchased on line through the state and federal health insurance exchanges, according to a study released exclusively to USA TODAY.

“Some of my concerns were confirmed,” said Rebecca Rabbitt, vice president of government programs at Express Scripts. Even seniors doing their research — and they named everything from the government to TV to friends as sources — had a hard time discerning reality from fiction. “Even with the facts, it's confusing,” she said...[Read More](#)



REPORT: CASES OF ELDERLY DEMENTIA TO NEARLY TRIPLE BY 2050

Scott Neuman, NPR



By the middle of the century, the number of older people suffering from Alzheimer's and other forms of dementia will nearly triple, severely straining caregiving resources, the charity Alzheimer's Disease International says in a new study released Thursday.

Scott Neuman

Currently, some 100 million people globally suffer from the potentially fatal disease. That number is expected to increase to 277 million by 2050, as the graying population increases, [The World Alzheimer's Report 2013](#) says....[Read More](#)

SENIORS ON MEDICARE DON'T NEED TO APPLY TO THE HEALTH LAW MARKETPLACES

Mary Agnes Carey, Kaiser Health News



Nearly 50 million Americans are enrolled in Medicare, the federal health insurance program for the elderly and disabled. The 2010 health care law, known as the Affordable Care Act, will make some changes to the program. Here are some answers to frequently asked questions about Medicare and the health law.

Q: The health law creates something called a health insurance marketplace. What is that and can I apply for coverage on an exchange?

A: There is no need for you to enroll in the health law's exchanges. It's an online marketplace where individuals and small employers without group coverage will be able to shop for insurance coverage. Enrollment begins Oct. 1 for policies that will go into effect on Jan. 1.

Medicare is not part of the health insurance exchanges. Seniors will still get health coverage through Medicare's traditional fee-for-service program or Medicare Advantage plans, private health insurance plans that are approved by Medicare. Those who are enrolled in Medicare Part A, which covers hospital care, or the Advantage plans will meet the health law's mandate for individuals to have insurance...[link to more questions & answers](#)

FOR MILLIONS, INSURANCE WILL COST LESS THAN \$100/MONTH

Kelly Kennedy, USA Today

About 6.4 million Americans eligible to buy insurance through the new health exchanges will pay \$100 or less a month in premiums because of tax subsidies, according to a Department of Health and Human Services report to be released Tuesday and obtained by USA TODAY. Subsidies are available to Americans who make less than 400% of the poverty level, or \$94,200 for a family of four.

The report by the HHS office for planning and evaluation said the lower premiums would primarily apply to insurance customers who buy what are called "silver" plans on the exchanges that open Oct. 1.

"The health care law is making health insurance more affordable," said HHS Secretary Kathleen Sebelius. "With more than half of all uninsured Americans able to get coverage at \$100 or less, the health care law is delivering the quality, affordable coverage people are looking for."...[Read More](#)



A Crusade to Talk About End-of-Life Care How to have "the conversation" with your loved ones

By [Rachel Pomerance](#)



"There's a wonderful line from The Onion," says Ellen Goodman, a Pulitzer-prize winning journalist quoting the satirical newspaper: "Death rates hold steady at 100 percent."

Satire being what it is, the joke may reveal something about how we face the inescapable fate. "You look at the obit pages in our country, and they all say 'died from...'," Goodman says, as if you could escape death by defeating disease. "In a highly technological society, people lose a kind of sense of the life cycle. They think we're in charge of it, and they have more trouble thinking of it as a natural part of life that should be talked about."

Given her own experience and her journalistic sense of a movement primed for a platform, Goodman, 72, aims to change that. Last year, in coordination with a nonprofit called the Institute for Healthcare Improvement, she launched The Conversation Project, a Boston-based public education campaign to get people talking about the ultimate elephant in the room....[Read More](#)