

Subject: AFT Retiree E-News - May 19, 2009
Date: Tuesday, May 19, 2009 1:19 PM
From: Frank Stella <retirees@aft.org>
Reply-To: notice-reply-ekxe569q7x3ekmb@unionvoice.org
To: Mary Kelly-Durkin mkellydurkin@upilocal4100.org
Conversation: AFT Retiree E-News - May 19, 2009



Dear Mary Kelly-Durkin,

- Healthcare Reform, Revived Economy Best Rx for Social Security, Medicare
- Trustees Project No Social Security COLA until 2012
- Obama Says No Excuses for Inaction on Health Reform this Year
- Higher Generic Use Kept Drug Spending in Check in 2008
- Large Employers Balk at Taxing Health Coverage
- CMS Rejects Coverage of Virtual Colonoscopy
- Save on Vacation Rentals
- Quotes of Note
- Web site of the Week

HEALTHCARE REFORM, REVIVED ECONOMY BEST Rx FOR SOCIAL SECURITY, MEDICARE

With the May 12 release of the Social Security and Medicare Trustees Annual Reports showing the nation's sinking economy has had an impact on the Social Security Trust Fund, doomsayers will step up their cries for drastic medicine that's not needed. The Social Security Trust Fund is now projected to be exhausted in 2037, four years earlier than predicted. A closer look at the Social Security 2009 report shows the program continues to run large surpluses and remains capable of paying scheduled benefits in full for the next three decades. The trustees reaffirm that the Social Security system is sound and faces no immediate danger, says AFL-CIO President John Sweeney. No doubt, Social Security alarmists and doomsday prognosticators will use these projections to justify dramatic "reforms" such as benefit cuts and raising the retirement age. The Social Security system remains structurally sound. Radical changes are not necessary to bridge short-term revenue decreases or to address the program's long-term solvency. According to the report, although the recession has reduced the size of the Old-Age, Survivors and Disability Insurance (OASDI) trust funds in the near term, Social Security continues to run significant surpluses to meet its projected obligations for years to come. Medicare has a more troubled future. Medicare's Part A Hospital Trust Fund is now projected to exhaust

its assets in 2017, two years earlier than previously predicted. The report found that Medicare Part B, which pays doctors' bills, and Part D, which pays for prescription drug coverage, will remain adequately funded indefinitely because current law requires financing to meet projected costs. The 2009 Trustees Report on Medicare paints a compelling case for comprehensive healthcare reform to rein in the skyrocketing healthcare costs that are driving Medicare closer to the financial brink and weighing down the entire economy. Lawmakers say they would never allow Medicare's Trust Fund to run out of money. You can also view the full Trustees Report [here](#).

TRUSTEES PROJECT NO SOCIAL SECURITY COLA UNTIL 2012

The 2009 Social Security Trustees Report predicted that, for the first time in more than three decades, Social Security recipients would not receive any increase in their benefits next year or in 2011. In 2012, they predicted, the cost-of-living adjustment will be 1.4 percent. The updates are calculated under a statutory formula and reflect changes in the Consumer Price Index, which was unusually high last year because of energy prices. If there is no cost-of-living adjustment for Social Security, about three-fourths of Medicare beneficiaries will not see any change in their basic premiums for Part B, which covers doctors' services. The monthly premium, now \$96.40, is usually deducted from Social Security checks, the main source of income for more than half of older Americans. The trustees said that one-fourth of Medicare beneficiaries would face sharply higher premiums: about \$104 next year and \$120 in 2011. This group includes new Medicare beneficiaries and those with higher incomes (over about \$85,000 a year for individuals and \$170,000 for couples).

OBAMA SAYS NO EXCUSES FOR INACTION ON HEALTH REFORM THIS YEAR

On May 13, President Obama said momentum for passage of healthcare reform legislation is growing in the House and Senate, helped along by support from healthcare stakeholders, so we have no excuses for not getting reform done in 2009. At a White House meeting with the president, House Democratic leaders told Obama that health reform legislation will be approved by the House by the August congressional recess. Obama told reporters following the meeting that the healthcare system is no longer working for families and businesses and reform also is a key to reducing the federal budget deficit, so quick action is needed. The Senate Finance Committee has been holding closed-door sessions throughout this month to discuss key features of healthcare reform. AFT legislative representatives have been part of expert groups working with House and Senate staff presenting the AFL-CIO and AFT perspective on key elements of reform. "What's been so encouraging this week is you're starting to see a shift in these patterns," Obama added, referring to a May 11 pledge by providers and insurers to trim \$2 trillion in healthcare spending over 10 years and his May 12 meeting with the chief executive officers of several companies that are implementing health and wellness programs. "We're seeing now that traditional opponents of healthcare reform are embracing these ideas," Obama said. "They recognize that the time is now."

HIGHER GENERIC USE KEPT DRUG SPENDING IN CHECK IN 2008

Brand-name drug price inflation topped 8 percent in 2008, but increased use of generic drugs limited prescription drug spending growth, according to a new report released May 13 by Medco Health Solutions. Medco's *2009 Drug Trend Report* found that generic drugs accounted for 64.1 percent of all prescriptions dispensed in 2008, dampening the impact of rising brand-name prices and specialty drugs. For the second consecutive year, diabetes medications were the leading driver of drug spending as the disease afflicts more patients and doctors increasingly prescribe newer and costlier drug therapies. Other key drivers of prescription growth were rheumatologic, seizure, antiviral and cancer drugs. Spending on specialty drugs, such as biologics, also accelerated dramatically, the report said. New

products and the absence of a regulatory approval process for lower-cost generic versions of biologic drugs have fueled spending growth in this category. In 2008, Medco's overall prescription volume increased to 586 million, up from 560 million in 2007. Of that total, Medco's mail-order prescription volume rose 11.6 percent to 106 million. Clients whose members used a mail-order pharmacy more than 40 percent of the time experienced negative drug trend—their drug costs, on average, actually declined year over year. The drug trend report projects spending growth of 4 percent to 7 percent annually through 2011, or an aggregate of 14.7 percent to 18 percent over the three-year period.

LARGE EMPLOYERS BALK AT TAXING HEALTH COVERAGE

The National Business Group on Health May 13 said discussion in the Senate of taxing the health benefits of workers with employer-sponsored coverage “boggles the mind” given that the nation is in the midst of an economic downturn. NBGH said that it has serious concerns about changing the federal tax exclusion of health benefits, saying changing current law could have the unintended consequence of driving the cost of health benefits higher and potentially forcing businesses and/or workers to drop private coverage altogether. NBGH represents 300 large employers—including 60 of the Fortune 100—that provide health benefits to more than 55 million Americans. “In particular, modifying the tax exclusion for health benefits could have a disproportionate impact on older workers and Americans residing in states with comparatively low costs of living or more efficient healthcare systems,” the group added. The AFT, AFL-CIO and Alliance for Retired Americans have all come out strongly against taxation of health benefits.

CMS REJECTS COVERAGE OF VIRTUAL COLONOSCOPY

Evidence on computed tomographic colonography—known as virtual colonoscopy—is insufficient to conclude that it improves health benefits for average-risk Medicare beneficiaries and it will remain uncovered, the Centers for Medicare & Medicaid Services said May 12. The agency calls for additional clinical studies that focus on the Medicare population. Medicare currently covers colonoscopy using fecal occult blood testing, sigmoidoscopy, colonoscopy and barium enema. CTC uses advanced image display techniques for interpretation. The American Cancer Society, the U.S. Multi-Society Task Force on Colorectal Cancer, and the American College of Radiology have recommended that CTC be considered an acceptable option for colorectal cancer screening for average-risk individuals age 50 and older. Until the evidence is sufficient, CMS said it strongly encourages physicians and beneficiaries to participate in screening tests that are currently covered under Medicare.

SAVE ON VACATION RENTALS

With summer fast approaching, you can save 10 percent off the best available rate on vacation rentals thanks to AFT + member benefits. Endless Vacation Rentals offers more than 60,000 vacation properties worldwide. Part of Group RCI, one of the Wyndham Worldwide family of companies and the global leader in non-hotel leisure accommodations, Endless Vacation Rentals offers a vast selection of vacation rentals ranging from studios and one-bedroom accommodations to multiple bedroom units in destinations throughout the U.S., Canada, Mexico, the Caribbean and beyond. Choose from thousands of villas, apartments, cottages and homes in Italy, France and the U.K. These unique accommodations offer more space, flexibility, privacy, and “comforts-of-home” conveniences making a vacation stay easier and more enjoyable. Call 877/670-7088, option 3, identify yourself as an AFT member and mention your AFT + ID# to the operator: 20952 or go to www.evrentals.com/AFT.

QUOTES OF NOTE

“Retirees and near retirees have lost more than \$10 trillion in housing and stock wealth in

the last two years. It would be incredibly malicious policy to amplify the impact of these losses by cutting Social Security benefits, especially since people in these age cohorts already paid for these benefits through their Social Security taxes.”

Center for Economic and Policy Research Statement
May 12, 2009

“The Medicare Trustees Report makes clear today there is no more important long-term fiscal policy measure than gaining control of the growth of Medicare costs by delivering healthcare services more efficiently. These savings can only be achieved in the context of a larger effort to control healthcare costs and improve quality more generally.”

U.S. Secretary of the Treasury Tim Geithner
May 12, 2009

WEB SITE OF THE WEEK:

<http://seniorliving.about.com/od/entertainmentrecreation/a/freefun.htm>

Ten free senior activities from gallery walks to lunchtime concerts, here are some ideas about how to trim your entertainment budget and increase your fun.

Contributors and sources: Bill Cunningham, New York Times, BNA Healthcare Daily Report, AFL-CIO Now, Alliance for Retired Americans Friday Alert, Kaiser Health Policy Report. Frank Stella, editor; Mary Boyd, copy editor; Janelle Bowe, design.

Visit the web address below to tell your friends about this.

 [Tell-a-friend!](#)

If you received this message from a friend, you can [sign up for AFT Retiree e-news](#).

This message was sent to mkellydurkin@upilocal4100.org. Visit your [subscription management page](#) to modify your email communication preferences or update your personal profile. To stop ALL email from AFT Retiree e-news, click to [remove](#) yourself from our lists (or reply via email with "remove or unsubscribe" in the subject line).

**Working Families
e-Activist Network**