

The Retiree ORGANIZER

A NEWSLETTER FOR NYSUT'S RETIREE LEADERS

Fall 2012

www.nysut.org

Vol. 26, No. 1

Debunking Romney-Ryan Medicare deceptions

Romney-Ryan DECEPTION #1:

"Medicare can be more effectively managed and administered by (for-profit) health insurance companies."

FACT: The Romney-Ryan Medicare voucher plan will raise retiree health care costs — including increased costs for prescription drugs — because for-profit health insurance companies are not better and are less cost efficient at delivering Medicare than the government.

According to the Centers for Medicare and Medicaid Services (CMS), the *New England Journal of Medicine (NEJM)* and CNN's Money Report, Medicare controls spending better than for-profit health insurance companies do.

Experts at the CMS anticipate that, over the next 10 years, Medicare will continue to out-compete private health insurance companies on spending measures. While Medicare costs will increase due to enrollment by baby boomers and growing



health care costs overall, the CMS predicts that advancements passed through President Obama's Affordable Care Act (ACA) will result in lower expenditures for Medicare than for private health insurance companies.

In an article published Aug. 12, the *NEJM* notes that current data does not support the need for major restructuring of the Medicare program, such as transforming it into a voucher program. In fact, the *NEJM* report concludes that Medicare should not be restructured; rather, that policy makers should look to the program for examples of how to successfully contain costs.

According to CNN Money's online article dated Aug. 22, "Medicare Advantage (which is operated by private, for-profit health insurance companies) has not lowered the tab of providing affordable health care to the nation's seniors."

That's because the federal government pays for-profit health insurance companies to deliver Medicare services a lot more than they pay to the traditional Medicare system. **Mitt Romney and Paul Ryan want to end the traditional Medicare system by turning Medicare over to the for-profit health care market, leaving retirees at the mercy of health insurance companies.**

Continued on page 3

INSIDE

Calendar of events

Page 2

Member Benefits from A - Z

Page 2

NYSARA's call to action

Page 2



Representing more than 600,000 professionals in education and health care. For more, see www.nysut.org.

CALENDAR

Retiree Contiguous ED 51-53 (At-Large) Meeting

Holiday Inn Oct. 23 – 24
Election Day Nov. 6

NYSUT Regional Conferences

RC 7 & 8 Sept. 24
RC 9 (J-L) Sept. 27
RC 13 Oct. 11
RC 9 (CVCR) Oct. 15
RC 9 (SAD) Oct. 25
RC 5 & 6 Oct. 30
RC 14-16 Nov. 1
RC 17-19 Nov. 13
RC 20-23 Nov. 14
RC 43 Jan. 22

The Retiree ORGANIZER

The Retiree Organizer is published periodically for NYSUT's retiree leaders. Locals, chapters and retiree councils may reprint all *Organizer* content.

Contact: GERALYN O'REILLY

President

Dick Iannuzzi

Executive Vice President

Andy Pallotta

Vice President

Maria Neira

Vice President

Kathleen M. Donahue

Secretary-Treasurer

Lee Cutler



Retiree Services Office
New York State United Teachers
800 Troy-Schenectady Road
Latham, NY 12110-2455
518-213-6000 / 800-342-9810

Member Benefits ... from A to Z

We are getting closer and closer to an important milestone as it relates to NYSUT Member Benefits — our 30th anniversary of offering a variety of quality endorsed programs and services to NYSUT members.

Member Benefits offers more than 50 endorsed insurance, financial, legal and discount programs designed to provide members with a quality product for themselves and their families. Many of these programs are also available to cover spouses/domestic partners of members, dependent children and dependent parents.

The following is just a sample of our endorsed programs and services:

Insurance Programs

- Personal Property/Liability (auto, home, renters, boat, umbrella, etc.)
- Vision Plan
- Dental Plan
- VPI Pet Insurance

Financial & Legal Services

- Financial Counseling Program
- Equifax Credit Watch™ Gold
- ClearPoint Credit Counseling Solutions
- Legal Service Plan

Discount Programs

- Car & Truck Rentals
- Wyndham Hotels & Endless Vacation Rentals
- TripMark.travel
- Buyer's Edge, Inc.
- Working Advantage
- Motivano SmartSavings Online Discount Marketplace
- Bose®
- Powell's Books
- Philips Lifeline Medical Alert Service
- EPIC Hearing Service Plan

Visit our website at memberbenefits.nysut.org for a complete listing of the endorsed programs and services available to you. Feel free to call us with any questions as well at 800-626-8101.

For information about these programs or about contractual endorsement arrangements with providers of endorsed programs, please contact NYSUT Member Benefits. Agency fee payers to NYSUT are eligible to participate in NYSUT Member Benefits-endorsed programs.

NYSARA update: Let's not be the last generation to retire

The New York State Alliance for Retired Americans is working to educate our members and the public on the importance of Medicare, Medicaid and Social Security. After celebrating the 47th anniversary of Medicare and Medicaid, and the 77th anniversary of Social Security, we are continuing our efforts to set the record straight on how crucial these programs are to retirees and seniors and express our opposition to any benefit cuts.

If you would like to join us in reaching out to all interested parties and especially members of Congress, please contact Bob Carillo, executive director; or Dennis Tracey, president; at 518-783-6231 or email rcarillo@nysara.org.



FACT: The Romney-Ryan voucher plan benefits the insurance companies who have given millions in political campaign contributions to the Romney-Ryan campaign to buy the votes of the Congress, leaving retirees at the mercy of insurance companies.

Sources: Medicare Rights Center, “Medicare Watch,” “Medicare Surpasses Private Plans in Cost Control,” Aug. 12, *NEJM*, “Medicare and Medicaid Spending Trends and the Deficit Debate,” Aug. 2, Congressional Budget Office, Long-term budgetary impact of paths specified by Chairman Ryan, March, 2012 CNN Money (www.money.cnn.com), “Medicare Private Insurers Not Always Cheaper,” Aug. 22.

Romney-Ryan DECEPTION #2:

“Those 55 years of age or older and those currently receiving Medicare shall not be impacted by the Romney-Ryan plan to change traditional Medicare into a voucher program.”

FACT: The Romney-Ryan plan to end traditional Medicare will MOST CERTAINLY have a negative impact on near-retirement beneficiaries as well as those currently receiving Medicare

benefits. Under the Romney-Ryan Medicare voucher plan, contributions from insurance companies would allow insurance companies to benefit most from the vouchers, as they would become the driving force in developing the new Medicare structure, they would have full say in the kinds of Medicare benefits

you will receive, the costs of monthly premiums, co-insurance, co-pays and fees. Under the Romney-Ryan Medicare voucher plan, current and future retirees will see rising out-of-pocket health care costs and much less ability to choose their own doctors, as well as extreme benefit cuts, depending on the retiree’s age, retirement income, level of illness and health care need.

According to the *Washington Post*, “The claim that the Ryan plan leaves Americans over age 55 unaffected is untrue because it is likely to raise the amount they have to pay out-of-pocket for insurance. The reason is technical, but easy to understand. The premium for those who stay in traditional Medicare under the Romney-Ryan voucher would be calculated as under current law, but the average cost of serving those who remain in traditional Medicare would go up as private insurance companies market selectively to those with relatively low anticipated health care costs. The average cost of those who remain in traditional Medicare would therefore increase. As a result of this gap, the financing for traditional Medicare would become progressively less adequate,

throwing into doubt the very survival of the traditional Medicare program.”

According to *The New York Times* on Aug. 22: “While Republicans have raised legitimate questions about the long-term feasibility of the reimbursement cuts, analysts say, to restore them in the short term would immediately add hundreds of dollars a year to out-of-pocket Medicare expenses for beneficiaries. That would violate Mr. Romney’s vow that neither current beneficiaries nor Americans within 10 years of eligibility would be affected by his proposal to shift Medicare to a voucher-like system in which recipients are given a lump sum (one check every year) to buy insurance coverage from competing insurers.”

For those reasons, Henry J. Aaron, an economist and a long-time health policy analyst at the Brookings Institution and the Institute of Medicine, called Romney’s vow to repeal the savings, “both puzzling and bogus at the same time.” Marilyn Moon, vice president and director of the health program at the American Institutes for Research, calculated that restoring the \$716 billion in Medicare savings would increase premiums and co-payments for beneficiaries by \$342 a year on average over the next decade; in 2022, the average increase would be \$577.

An analogy for consideration: Just like Gov. Cuomo’s original Tier 6 proposal, the Romney-Ryan voucher Medicare plan takes a defined benefit

Continued on page 4

with mandatory contributions and dilutes it by turning it into a voluntary contribution 401(k)-styled program. The Romney-Ryan Medicare voucher scheme would undermine and destabilize the traditional Medicare program for all. Under the Romney-Ryan plan, the defined benefits under Medicare Parts A, B, C and D (guaranteeing a fee for service benefit for A (hospitalization), B (outpatient), C (Medicare Advantage) and D (Prescription Drug) are **ELIMINATED** and replaced with a voucher.

Serious implications for changing the Medicare funding structure:

NYSUT retirees and other public employee retirees who currently receive health benefits in retirement from their former employers may be adversely affected by a change to the funding structure of Medicare because all of the health insurance formulas are based on the current Medicare structure and program. When a retiree's health insurance from their former employer becomes secondary coverage, there are no guarantees that employers shall maintain existing coverage/co-pay formulas. In short: Under the Romney-Ryan Medicare voucher plan, the relationship between the insurance company and providers will change immediately. It is anticipated that under such a voucher



NYSUT Retiree activists from around the state proudly display some of the 2012 retiree fall advocacy materials in support of Medicare, Medicaid and retirement security.

scheme your insurance will change, but it's difficult to determine exactly how, since nobody knows specifics at this time about the potentially harmful consequences for NYSUT retirees.

Sources: *The New York Times*, "Patients Would Pay More if Romney Restores Medicare Savings, Analysts Say," Aug. 22, *Washington Post*, "Why the Medicare Fight Matters to Americans Over 55," Aug. 20.

Romney-Ryan DECEPTION #3:

"The Romney-Ryan voucher plan to end traditional Medicare will make the system more solvent."

FACT: The Romney-Ryan Medicare voucher scheme would make the traditional Medicare system go bankrupt eight years earlier than under current plans to fix and improve it. The Romney-Ryan

Medicare voucher would restore \$716 billion back to the for-profit, private health insurance industry allowing them to manipulate the coverage they would offer retirees, making it harder for retirees to choose their own doctors; and, increase out-of-pocket costs for retirees, including prescription drug costs.

According to *The New York Times* on Aug. 22: "the 2010 health care law cuts Medicare reimbursements to hospitals and insurers, not benefits for older Americans, by that amount over the coming decade. But repealing the savings, policy analysts say, would hasten the insolvency of Medicare by eight years — to 2016, the final year of the next presidential term, from 2024."

According to the non-partisan Congressional Budget Office (CBO) in an online article, the Ryan budget plan and proposed

Continued on page 5

Debunking Romney-Ryan Medicare deceptions continued from page 4

Medicare plan, "... the resulting deficits will increase federal debt to unsupportable levels."

Budgetary and economic outcomes

During the coming decades, the aging of the population and rising costs of health care will push spending for Social Security, Medicare, Medicaid and other federal health care programs considerably higher as a percentage of Gross Domestic Product (GDP) if current laws remain in place. If that growth in spending is coupled with revenues that are held close to the average share of GDP that they have represented for the past 40 years, the resulting deficits will increase federal debt to unsupportable levels. That would be the result under the CBO's extended alternative fiscal scenario. To prevent that outcome, policymakers will have to sub-

stantially restrain the growth of spending for those programs, raise revenues above their historical share of GDP or pursue some combination of those two approaches.

Total Medicare spending is projected to increase from \$523 billion in 2010 to \$932 billion by 2020.

From 2010 to 2030, Medicare enrollment is projected to increase from 47 million to 79 million, and the ratio of workers to enrollees is expected to decrease from 3.7 to 2.4. However, the ratio of workers to retirees has declined steadily for decades, and social insurance systems have remained sustainable due to rising worker productivity. There is some evidence that productivity gains will continue to offset demographic trends in the near future.



Sources: *The New York Times*, "Patients would pay more if Romney restores Medicare savings, analysts say," Aug. 22; Congressional Budget Office, Long-term budgetary impact of paths specified by Chairman Ryan, March, 2012' U.S. Census Bureau, "Income, Poverty and Health Insurance Coverage in the United States: 2006," August, 2007; Kaiser Family Foundation, 2010 Medicare Chartbook, "Section 1: Medicare Beneficiaries."