**AFSCME’s Campaign for Affordable Health Care**

With the election of President Barack Obama last November, long-time advocates of universal health care entered a new era of hope. Affordable coverage for every American is a top priority of the new President, who also recognizes that containing health care costs is essential to rebuilding our economy and enabling U.S. companies to remain competitive around the world.

The President is wasting no time. He wants to sign a comprehensive health care bill before the end of the year. While leaving the details to Congress, he’s requested quick action on legislation, including allocation of the necessary funding to get the job done.

Congressional committees are already working hard to meet the President’s timetable – holding hearings and issuing research documents on how best to accomplish important goals. The House and Senate are expected to vote on their bills this summer.

In their deliberations on the bills, the two chambers are giving serious thought to a model Obama favored during his 2008 presidential campaign. It bases a new health care system on the current one, with employers continuing to be the major sponsor of coverage for workers and Medicare continuing its coverage of disabled persons and those over 65.

Obama’s model also includes an entity known as an “exchange.” It’s essentially a risk pool that individuals and employers could buy into, offering a choice of insurance plans to participants. While AFSCME has not come out in favor of a specific model for national health care, it has been very clear on what it expects health care reform to deliver. For example, AFSCME believes that strong cost-containment measures are critical if coverage is to be affordable over the long haul. True health care reform should incorporate the following principles:

• People who like their current coverage in good employer-sponsored plans should be able to keep it. Those who lack health insurance, or are unhappy with their coverage, should have options.

Calls to Congress

**Senator, please support a health care reform bill that:**

• includes a public plan to compete with private plans and contain costs;

• mandates that employers pay their fair share; and

• rejects taxation of health care benefits for workers and retirees.

After you hang up, ask you to call the Capitol Switchboard one more time and ask for your other senator. When you’re connected, repeat the message above. The Senate is preparing its bill right now, so please make your calls TODAY!

Everyone should have coverage choices that include the option of a quality, affordable public health insurance plan. Public plans, such as Medicare, are more cost efficient than private coverage. Having a public-plan option in the new system will create a more competitive environment, forcing private plans to be more cost-efficient too. Currently, most private insurance companies operate in relatively non-competitive markets, where few real choices are available to consumers.

**Medicare, Retirees and Health Care Reform**

Passing a strong health care reform bill is critically important to retirees too, not just to workers and young families. That’s because soaring health care inflation is driving up the cost of programs retirees depend on: Medicare and employer-sponsored health care coverage. The stronger the cost-containment measures in Congress’s reform bill, the better our chance of defeating efforts to cut our benefits. But this isn’t the only retiree concern that needs to be part of the health reform debate. Here are some of the key issues for retirees.

**COVERAGE GAPS.** AFSCME and other advocates for seniors support strengthening Medicare as part of health care reform. One way to do that is to address Medicare’s gaps in coverage. Right now, Medicare has no annual cap on out-of-pocket costs. So, when seniors are very ill and require exceptionally long hospital stays, they can end up owing thousands in co-pays.
Earlier this year, President Obama signed the American Recovery and Reinvestment Act, which includes payments to workers and seniors that will help stimulate the economy. The President is urging you to spend your stimulus payment now, in an effort to keep businesses open and people on the job. Here’s how stimulus payments are issued:

“Making Work Pay” Tax Credit: Nearly all workers will receive a tax credit of approximately $400 in 2009, which will be paid out gradually in each paycheck. If you’re a retiree who’s returned to work, you should ask your employer to change your withholding tax, which first appeared in April paychecks. (Note: the full credit will gradually phase out for incomes over $75,000 a year.)

Senior Citizen Stimulus Payment: This one-time payment of $250 in 2009 is the result of lobbying by senior citizen advocacy groups. You are eligible if you currently receive Social Security, Supplemental Security Income, Railroad Retirement or Veterans’ benefits. Checks were mailed out in May to either your home or bank, depending on how you receive your regular benefits. Did you get your payment? Contact Social Security today (1-800-772-1213 or www.socialsecurity.gov).

Payments to Pensioners Not in Social Security: AFSCME fought to ensure that state and local government pensioners would not be left out if they don’t participate in Social Security. As a result, if you are one of these retirees, you’ll get your $250 payment in the form of a tax credit, payable on the tax return you prepare next year (this year’s tax forms were already printed when the stimulus bill became law). Even if you have a low income that’s not subject to federal income taxes, you can still get the payment. Just fill out a simple tax form in 2010 and receive it as a “refundable” credit.

Affordable Health Care (from page 1)

• Employers must pay their fair share. Our health care system is based on employer-sponsored coverage, but not all employers provide it. This puts responsible employers at a competitive disadvantage because their costs are higher. Also, the absence of employer coverage leads to more uninsured Americans, which leads doctors and hospitals to shift the cost of unpaid care to people with insurance. Cost-shifting adds an average of $1,100 a year to the health care premiums paid by workers and/or their employers.

AFSCME believes employers should be required to provide coverage to their workers OR pay into a fund that provides coverage, with federal subsidies, for small businesses.

• No taxation of health benefits. President Obama campaigned against taxing the value of employer-paid health care benefits because it could add thousands of dollars to the taxable income of average Americans. More than 160 million people get their coverage through the workplace as employees, retirees or their dependents. Taxation would make health coverage more expensive and drive many employers to stop providing it. Also, union members gave up money to protect their interests. We must be ready to fight back.

• Guaranteed, quality care for all — including 46 million uninsured (a growing number due to high unemployment). Coverage must be affordable for families, retirees, small businesses and all other employers.

According to International President Gerald W. McEntee, taking a “hands off” approach to insurance companies and health care providers is a prescription for disaster. “If we are to fix health care and our economy, the government must be an advocate for people in the system, not put them at the mercy of insurance companies. These companies routinely turn people away because of pre-existing conditions and wrongly deny or delay care.

“What we need is an American solution to our health care problem, one in which individuals, employers and government all share responsibility.”

Health care represents one-sixth of the U.S. economy, so expect those enriched by our broken system to fight any measure that reduces their profits. This includes the insurance industry, pharmaceutical companies and businesses that don’t provide coverage to their workers. They have vast resources to defeat reform and will fight to protect their interests. We must be ready to fight back.

That’s why AFSCME launched its “Make America Happen” campaign to mobilize members and helped to organize Health Care for America Now! (HCAN), a national grassroots coalition of more than 950 organizations in 46 states representing 30 million people. Supporters of HCAN’s principles for “quality, affordable health care we all can count on” include President Obama, Vice President Biden, and more than 190 members of Congress. The HCAN campaign holds its first big rally for health care reform on June 25, in Washington, DC.

Here are some other things you should know about the stimulus payments.

• Pension Plan Withholding: In March, AFSCME learned that the Internal Revenue Service required all pension plans (public and private) to use the same income-tax withholding tables as employers — new tables that reflect the 2009 “Making Work Pay” tax credit for workers. But pension income doesn’t qualify retirees for this particular tax credit. So, pension plans using the new tables would be under-withholding taxes and over-paying their pensioners.

This alarmed AFSCME because we recognized that retirees would have to pay back the extra money next year at tax time — long after it was spent. To avoid aggravation and confusion for retirees, we urged the Treasury Department and its IRS division to reconsider the rule. In May, we were informed that the IRS would rescind the rule and allow pension plans to use last year’s withholding tables (which don’t reflect the workers’ tax credit).

• You Can Only Receive One Payment: Be advised that you can only receive one stimulus payment. For example, if you work and get a Social Security check, you cannot keep both the “Make Work Pay” tax credit of $400 and the $250 check for Social Security beneficiaries. Next year, on your tax return, you will have to pay back the smaller amount.

Confusing enough for you? Look at the bright side. It’s money in your pocket that you didn’t have before. Spend it now and help get the economy back on track.
Today's system is NOT fair to workers

Take a look at these facts:

- Workers who try to organize are fired 25 percent of the time. Fear is justified.
- In organizing campaigns, 78 percent of private employers require supervisors to deliver an anti-union message to employees.
- For 44 percent of workers who win union elections, their employer refuses to negotiate a first contract and is able to get away with it!
- Nearly 60 million workers say they would join a union if they had the chance.


5. Our Children and Grandchildren Will Need Good Wages and Benefits. Today, only 12 percent of workers are unionized, compared with 35 percent in the 1950s. If this trend continues, tomorrow’s workers will pay the price: lower wages, no pensions or health benefits and little political power to change the status quo. By strengthening unions, the Employee Free Choice Act will give the next generation a fighting chance.

The Employee Free Choice Act will help unions organize by making it harder for employers to intimidate workers. It will increase penalties for employers who violate worker rights and give workers the right to choose the union-selection method that best ensures free choice in their workplace. If employers refuse to negotiate first contracts, the Employee Free Choice Act will permit mediation and binding arbitration – the only fair way to settle disputes.

But the Employee Free Choice Act isn’t just a workers’ issue. Obstacles to unionization are bad for everyone, including retirees. Here’s why passage of the act is important to you:

1. Stronger Unions Mean Protection for Retirees

Unions are the nation’s leading advocates for pensions, Social Security, employer-paid health care coverage, Medicare and Medicaid – benefits and programs that are under constant attack. Because the Employee Free Choice Act will strengthen unions, it will also help to improve the quality of life for retired Americans.

2. Unionized Workers Pump Money into the Economy

Union members earn 28 percent more, on average, than non-union workers, which means they can purchase more and save more of their income. This keeps businesses open, banks lending and our economy working — helping all of us.

3. Unionization Supports the Community

Unionized workers make more money, so they pay more in taxes. These taxes help maintain important public services such as education, trash collection, hospitals, water treatment, roads, buses, libraries, museums and other pillars of a stable community. In general, communities with strong unions have higher living standards for everyone, including retirees.

4. Union Membership includes:

- Unlimited access to elder care specialists; the initial consultation with an Aging with Grace representative is free of charge. Those in need of full-time care can sign up for a one-year membership, offered at a special union price of $24.95. The benefits of membership include:
  - Unlimited access to elder care specialists;
  - A 15 percent discount offered on a wide range of care-management services;
  - Elder care referrals and placements;
  - Quality-assurance program for members in search of reputable service providers;
  - Savings of up to $1,250 for independent and assisted living communities, in-home care services, adult day care programs and other senior services from participating providers;
  - A monthly caregivers newsletter; and
  - Online caregiver support groups for members.

For more information, please call (800) 626-9440 or visit www.agingwithgrace.net/unionplus.

Go Fish!

If a miracle nutrient existed that could lessen your risk of heart attack, delay or fight Alzheimer’s disease and combat Type II diabetes, wouldn’t you jump at the chance to consume it? Well, you may already be eating foods that contain this wonder. It’s docosahexaenoic acid (DHA) – an omega-3 essential fatty acid.

DHA is found in “fatty” fish such as salmon, halibut, mackerel and sardines. Walnuts, soy and DHA-enriched eggs are also good sources. For those of us who prefer an alternative to eating fish, omega-3 supplements are relatively inexpensive and can be purchased at your neighborhood drug store.

Researchers at the University of California at Los Angeles (UCLA) found that a diet high in DHA dramati-
cally slowed the progression of Alzheimer’s disease in mice. Specifically, omega-3 fatty acids decrease the harmful brain plaques that mark the disease. A 2007 study published by the American Journal of Clinical Nutrition found other healthy dividends as well. The study suggests that omega-3s help burn body fat, shrink abdominal fat cells and stop certain genes that trigger inflammation in the belly.

So grab your tackle box and fishing pole or mosey on down to your local seafood market. There has never been a better time to “go fish!”
Coventry Dumps Medicare Advantage Plans

A few years ago, West Virginia and Pennsylvania made decisions to remove their over-65 retirees from the state employee health plans and require them to join new Medicare Advantage (MA) plans operated by private insurance companies. The private MA plans not only replaced the retirees’ employer coverage, but also their Medicare benefits. Now, the states’ biggest provider of MA plans – Coventry Health Care, Inc. – is dropping coverage, starting in January.

MA plans became attractive to public employers after 2003, when Congress passed a law that paid the plans an average 14 percent more than costs under regular Medicare. At the time, President Bush and his congressional allies tried to encourage Medicare privatization and saw the overpayments as an incentive. They allowed insurers to pass on some of the extra money to employers who switched their retirees to MA – an enticing offer for states and localities looking to reduce retiree health costs.

Medicare (from page 1)

Currently, seniors protect themselves from potential health care bankruptcy by depending on employer-sponsored Medicare supplements or spending hundreds of dollars a year for private Medigap insurance. We think Medicare should pick up more of the cost.

“The time has come to give seniors peace of mind and put an annual limit on their Medicare co-pays,” said Steve Regenstreif, Director of the AFSCME Retirees Department. “A Medicare limit would also reduce employer costs for supplemental benefits, which would help stave off cuts.”

PART D FIX. Another coverage gap is the infamous Part D “doughnut hole.” To fix it, AFSCME wants to see Medicare administer its own drug benefit to compete with the private Part D plans, using its enormous buying power to negotiate lower prices with drug companies. The resulting savings could help close the doughnut hole and reduce seniors’ out-of-pocket costs for prescription drugs, AFSCME supports legislation to accomplish these goals, such as S.330/H.R.684.

UNINSURED RETIREES. More than 5 million Americans between the ages of 55-64 are uninsured. Many are early retirees who left the job due to ill health but don’t have employer-paid coverage. They can’t buy individual coverage because of pre-existing conditions or can’t afford it due to outrageous premium costs. A national health program must provide affordable coverage for this vulnerable age group. Premium prices should be the same for all (a practice known as “community rating”) and not be based on age, gender or pre-existing health conditions.

LONG-TERM SERVICES. Lastly, there’s the coverage of long-term care, now known as “long-term services and supports” (LTSS). AFSCME recognizes that covering LTSS is an expensive proposition, but believes that a system based on social insurance principles is necessary. To start down that road, the union is supporting the CLASS Act (S.697/H.R.1722) – a bill sponsored by Sen. Edward Kennedy (D-MA) and incorporated into the health care reform plan recently introduced by Kennedy’s Senate Committee on Health, Education, Labor and Pensions (HELP).

The CLASS Act calls for a national insurance trust, financed by voluntary payroll deductions, that would cover participating adults who need long term services and supports. It would provide cash payments to beneficiaries that would enable them to maintain independence in the face of significant disabilities.

“We may not see all these issues addressed in health care reform this year,” said Regenstreif, “but it’s important to put them on the table nonetheless. Congress should recognize that we can’t truly reform health care without addressing Medicare improvements or long term care. These issues are critical and the demand is growing. We must address them sooner or later.”

Now, President Obama wants to cut the MA overpayments, which he considers a waste of Medicare dollars. Coventry and other insurers may be leaving MA because they see lower profits if it succeeds. AFSCME also supports cutting the overpayments. The union has always considered MA plans unworkable and has been fighting states on this issue from the start.

Coventry became the most popular MA insurer of West Virginia and Pennsylvania retirees because, unlike HMOs and other managed care plans, its private fee-for-service insurance doesn’t require use of in-network physicians. With Coventry gone, the two states will have to decide where to put the displaced retirees. Options range from returning them to a combination of Medicare and the state health plans (possibly with higher retiree cost sharing) or putting them in managed care plans operated by other private insurance companies.

AFSCME will watch the situation carefully to protect the interests of our retiree members.