



Aetna Retirees Association, Inc
PO Box 280165
East Hartford, CT 06128
www.aetnaretirees.com

News

Volume V, Edition 3

February, 2009

Much at Stake for Retirees In New and Dangerous Era

The election has been held and a new team promising change has taken over in Washington. The economy is in shambles. Dire warnings are issued almost daily. Proposed solutions feature head-swimming dollar numbers. Corporations once considered blue chip are teetering on the brink of disaster. This is a time of danger, but also a time of opportunity. There will be losers, but there will also be winners.

President Obama has warned that everybody will share the pain. He need not have told most seniors that: they already have felt it. They have watched their savings shrink and their dividend checks shrivel as the stock market lost about 40% of its value. Even "safe" fixed investments have not been immune. Ask those holding Lehman Brothers bonds.

While much of the focus has, understandably, been on providing health care to those without insurance and increased benefits to those who have lost their jobs, retirees who have done things "right" have also been hit hard and are increasingly concerned about the stability of their pensions and of promised health care benefits, the value of their homes, and the safety of their bank accounts and investments.

Here's a short list of some of the items "on the table" as the new administration tackles the considerable challenges it faces:

- **Medicare Advantage Health Plans:** These plans were promoted by the previous administration as a way of bringing competition to Medicare. Aetna now has most of its Medicare-eligible retirees under its own Open Plan. President Obama has already signaled his intent to reduce the monthly per participant allowance it pays insurance companies to administer these plans. If the government makes deep cuts in the Advantage Plans, then Aetna will have to either abandon them and return to the traditional indemnity approach, or significantly raise rates.
- **Pension Safety:** With the drop in the market, many pension plans are now seriously under funded to the tune of \$400+ billion at the end of 2008. We are also concerned that the security afforded pension funds by Federal Law has been under attack for some time with various proposals including those that would allow the sponsor to use the funds for non-pension purposes, that would allow sale of a plan to a third party,

and that would allow the sponsor to walk away from the plan entirely. Fortunately, The Employee Retirement Income Security Act (ERISA) has provided a fair measure of protection, and attempts to weaken it have been successfully opposed. However, with companies short on cash and required to bring funding back up to proper levels, it is likely that plan sponsors will continue to try to find ways to lessen their pension obligations.

- **National Health Insurance:** Former Senator Tom Daschle, brought in to be Secretary of Health, Education and Welfare, has withdrawn from consideration, derailed by unpaid taxes. The need to find a replacement is almost certain to slow that process down. Also, with the economy issues taking center stage, the new administration will not likely have a comprehensive bill ready for serious Congressional action before sometime in 2010. The need to cover more people and cut costs in the process will be a tall order. One of the ideas President Obama has advanced is negotiating lower prescription drug costs for Medicare. During the campaign, Obama sketched out a plan that would have those who could do so receive their coverage from their employers. Employers who did not offer health insurance would pay a sort of tax to the government in lieu of the benefit. Those not covered would be required to buy coverage with government assistance.
- **Economic stimulus:** President Obama has pushed Republicans to sign on to his \$800+ billion stimulus bill. With house passage before the end of January and Senate consideration as we go to print in early February, the President foresees dire consequences if it is not passed promptly, but some characterize the bill as too filled with pork and pet projects that will have little impact on the economy short term. The bill combines tax cuts, public works funding and expenditures on "green energy". Critics say that much of it will not get into the pipeline fast enough to provide a stimulus. Supporters say that it is not large enough and yet another large package may be needed shortly. Since the money to fund it must either be borrowed or "printed", there is also considerable fear of inflation which could be devastating to retirees. Advocates for retirees have reminded Congress not to forget that retirees have also been hurt and should be included in any package.

These issues and legislative proposals promise to change the country and all of its citizens profoundly. It will be important for all individuals and groups to speak out to their Congressmen, Senators, and to the President as these changes unfold.

How can ARA best keep on top of this rapidly changing scene and make its voice heard? In 2009 and beyond, it is likely that our association with NRLN will be center stage.

NRLN Meets to Plan Legislative Strategy To Guard Retiree Interests

The National Retiree Legislative Network (NRLN) held its Leadership Conference and Board of Directors meeting in Washington January 13 – 15. ARA board member and legislative committee chairman Warren Azano represented ARA.

At the conference, the NRLN legislative agenda for 2009 was set. Its highpoints are:

- Protection for Defined Pension Plan Assets: NRLN proposes refinements in the Pension Protection Act of 2006. Under these proposals, pension funds could not be used for corporate restructuring, severance allowances or lump-sum buyouts; could not be used to pay for executive management non-qualified pensions or other deferred compensation; and could not be at risk to be sold by plan sponsors to third party financial or other institutions.
- With respect to non-pension benefits, NRLN proposes legislation that would establish a fixed monthly payment to retirees that would maintain the amount of cost paid by the corporation prior to a plan cancellation or reduction. Called Maintenance of Cost Payment (MCP), this would cover health benefits, life insurance, prescription drugs and eligible dependents.
- Equal Employment Opportunity Commission Ruling: NRLN believes that the December 26, 2007 ruling by the commission that allows any employer to cancel earned health care benefits to Medicare Eligible salaried retirees is discriminatory and must be reversed by Congressional action or through mandating MCP payments.
- NRLN endorses the five principles on National Health Care promulgated by the National Coalition on Health Care (NCHC). They are: Health care coverage for all, cost management, improvement of health care quality and safety, equitable financing, and simplified administration. The organization opposes proposals that might create an incentive to drop retiree health care while not providing equivalent coverage at a cost comparable to that paid by retirees for such pre-existing health care coverage. It also believes that national health care proposals should include catastrophic coverage.
- On prescription drugs, NRLN supports legislation that compels the importation/re-importation and competitive bidding for all prescription drugs. It asks FDA support for increased availability of lower cost generic drugs. Of course, foreign drugs must meet FDA standards and enforcement must be adequately funded.
- Medicare reforms favored include provision of catastrophic coverage by an out-of-pocket limit, and an under 65 Medicare buy-in provision. Also favored are continued refinement of Medicare information systems, fixing doctor payment

issues, and fixing long-term Medicare funding.

- In the light of a loss of 20% or more in the value of retirees' fixed incomes over the past five years, NRLN urges Congress to hold hearings on the plight of retirees. It believes that many companies are telling Congress that benefit payments are making them less competitive when, in fact, other issues are in play.
- NRLN proposes a tax reform whereby health care premiums would be tax deductible without the 7.5% adjusted gross income (AGI) limitation.

NRLN leadership also reviewed their successes in 2008. It took the lead in the successful grassroots effort to block the Senate proposal to allow employers to use surplus pension assets for current employee health care costs. NRLN President Bill Kadereit, by invitation, testified before the House Committee on Education and Labor regarding NRLN's Maintenance of Cost Payment (MCP) proposal.

During the election campaign, NRLN sent questionnaires to presidential and congressional candidates. They received 191 responses, indicating that retiree issues are getting more attention. Subscribers to the Capwiz computer system for congressional contact increased from 17,584 to 25,200. This gives the organization the ability to flood congressional offices and the President with quick response to pending legislation. It allows our voices to be heard. ***Update – since the meeting, NRLN has gotten even stronger with the addition of two Delta Airline Retiree***

organizations. See accompanying story.

NRLN continues to expand its grassroots organizational structure. There are NRLN members in 99% of the congressional districts and NRLN has named Congressional District Leaders in 246 of the 435 House districts – up from 225 a year ago.

At the January meeting, ARA legislative committee chairman Warren Azano became a member of the NRLN Legislative Affairs Committee. Warren is an attorney, and worked in the field of government relations for Aetna. His membership on this committee will keep ARA closer to the pulse of the organization and give us a stronger voice in shaping the legislative agendas.

ARA Urges Member Support for NRLN

Almost from its inception, ARA has been a member of the National Retiree Legislative Network. Our "founding fathers and mothers" recognized that we could never grow large enough to establish a presence in Washington, where Congress determines the laws that protect or endanger our benefits. State governments have been essentially preempted from enacting legislation by the Employee Retirement Income Security Act (ERISA).

The NRLN is the trade association in D. C. that has objectives most closely related to ours. Like all organizations, it is not without its problems and limitations. Frankly, we wish it were much larger and with a commensurately larger budget. It is

no secret that corporations spend large amounts of money to influence Congress, and the companies and trade associations that focus on employee benefits have assets many times those of NRLN, which as a result, plays the boy David to the corporate Goliath.

The stakes for retirees will be especially high during the 111th Congress (2009-2010). The Obama Administration and the Congress will clearly be considering legislation directly affecting retiree issues, including bills relating to Medicare, health care, prescription drugs, retiree savings, and pension funding. Accordingly, we at ARA want to do all we can to ensure our voice is heard during these deliberations.

This means ramping up our support for NRLN, and urging you to do likewise. A portion of the dues you pay to ARA "in effect" already goes to NRLN through our own dues payment for our associate membership. But, if you are able to and have not yet done so, we urge you to join NRLN yourself and/or to become actively involved in their grassroots program. You can join by going to www.NRLN.org, clicking on "JOIN US" at the top of their home page, and following the instructions. If you do not have e-mail, you can still join by sending them a check for \$25 or more, made out to NRLN, Inc., along with your name, address, phone number and an indication that you are an ARA member, to NRLN, P.O. Box 18757, Washington, D. C. 20036-8757.

Whether or not you choose to support NRLN financially, you can still join their grassroots network, provided you have access to e-mail. NRLN does ***not*** court votes by making political

contributions, throwing parties or taking Senators and Representatives to fancy restaurants; rather their power is exercised through their grassroots network, so strengthening this capability is especially critical. Many of our ARA members have already joined their grassroots effort, and we applaud that and urge you to do likewise if you have not already done so. You can do this even if you are not a dues paying member of NRLN right on their website, at www.NRLN.org. Once there, under the "Take Action Now!" at the top of their home page, click on "Click here to sign up," and follow the instructions.

We should also point out that many retiree associations hand over all of their members' e-mail addresses to NRLN, so NRLN can enter them into their network. We do ***not*** do this, because that would be contrary to our self-imposed rules regarding the confidentiality of our members' personal information. It is, therefore, up to you, so we hope that you will join NRLN or at least sign up for their grassroots network. It's another way you can make your individual voice and our collective voice just a little bit stronger as we enter this critical period.

Sound Off Where it Counts

Most Americans gripe about their government. The low approval ratings for both the President and Congress demonstrate that. However, while many of us are willing to complain to bartenders, barbers and friends, few of us do so with the people who count: our Congressional Representatives.

It's understandable, of course. It takes time and effort to call, write a good

letter, or even a good email. And when you're done, you usually get either no reply or at best, a stock answer triggered by some low-level staffer.

But what if you spoke for dozens, perhaps hundreds? Of course that would get their attention. Your ARA is looking for a few good members to do exactly that. It is important that key members of Congress know who we are and what issues concern us. The best way to achieve that, we believe, is to have a key contact from ARA membership assigned to key congressional figures – to sound off where it counts.

If you are an ARA member who feels deeply about the issues and wants to make an impact, here's your chance. The ARA legislative committee will shortly be making a list of the key Senators and Representatives we want to educate to our position and gain their support. We would like to match each of them to an ARA member in their district who will communicate with them to provide both general background and perspectives on specific legislation.

Those who volunteer to become a key contact will be provided with help in establishing themselves in that role, including information regarding ARA positions on various federal legislative matters. They will also be given talking points and suggested letters or emails as issues arise.

This could prove to be both a productive effort and an interesting one for those involved. If you are the type who wants to make his or her voice heard, then we'd like to hear from you. If you know your local representative, that's even better.

If you are interested in learning more about this effort, please e-mail or

write the ARA legislative committee. To send an email, go to the ARA web site: www.Aetnaretirees.com. Click on "contact us" and address your email to the Legislative Committee. If you prefer to send a letter, address it to: Legislative Committee, Aetna Retirees Association, PO Box 280165, East Hartford, CT 06128.

ARA issues appeal To members in Three States

Reinforcing actions taken by NRLN, your ARA recently put out a grass roots email message to members in Maine, Kentucky and Pennsylvania. Senators from those states -- Arlen Specter of Pennsylvania, Susan Collins of Maine, and Mitch McConnell of Kentucky -- will play a major role in the drafting of a Senate version of the economic stimulus package. Members from their states were urged to contact them and urge positive action on the \$300 one-time payments to Medicare Recipients, and the "patch" to the alternate minimum tax to be sure that stimulus money was not handed out with one governmental hand and then taken back with the other.

Those contacted were provided with instructions on how to use the NRLN's Capwiz e-mail system in making the contacts.

Buckle your seat belts, Delta just came aboard

NRLN just got a big boost. Two Delta Airlines retiree organizations have affiliated with the organization. The Delta Pilots Pension Preservation Organization (DP3) and the Delta Airlines Retirement Committee (DALRC) sat in on the January NRLN meeting and decided to affiliate.

These organizations recognize the need for vigilance in defense of retirement benefits because Delta went through bankruptcy. Their experience in dealing with that situation should be valuable to NRLN. It also makes the NRLN membership more diverse.

The affiliation adds 46,000 retirees, 18,000 association members, and 15,000 new grass roots members with e-mail and Capwiz access to the NRLN family. A member of DALRC was added to the NRLN board of directors.

CONTACT ARA!

We welcome your comments, questions, ideas and letters to the editor. See mail and website addresses on page 1.

Dave Smith, Editor

