

NRLN Action Alert:
Threat to Retirees' Prescription Drug Benefits

It is time to write a "we asked you not to do that" letter to your members of Congress.

You may recall that on December 29, 2009, the NRLN issued an Action Alert asking our Grassroots Network members to email letters to their members of Congress urging them to remove a provision from the House and Senate health care bills that would deny employers the tax deduction on federal subsidies for Medicare Part D prescription drug plans. You told your Representative and Senators that this provision would encourage companies to drop prescription drug benefits for millions of retirees.

Unfortunately, the lawmakers who voted for the final passage of the health care bill did not listen. Now, many members of Congress are expressing shock that major companies have filed statements, as required by law, with the Securities and Exchange Commission that they will encounter costs totaling billions of dollars because of their inability to write-off the Part D subsidy. The health care cost disclosures ultimately may shave as much as \$14 billion from U.S. corporate profits, according to an estimate by benefits consulting firm Towers Watson. Here are a few examples: AT&T \$1 billion; Verizon \$950 million; Boeing and Deere & Co. \$150 million; Caterpillar \$100 million.

When Congress created the Medicare Part D prescription drug plan in 2003, it encouraged companies to provide Medicare-eligible retirees prescription drug benefits by providing a tax-free 28% subsidy. This has been a tremendous savings to the federal government on Medicare and a benefit highly valued by retirees. It makes no sense to eliminate, in the name of health care reform, the tax break that induced some 3,500 companies to provide prescription drug coverage to more than 6 million Medicare-eligible retirees.

No one knows at this point whether the change in the law will cause companies to eliminate their prescription drug benefits for retirees age 65 and older. However, AT&T stated in its SEC filing, "As a result of this legislation, including the additional tax burden, AT&T will be evaluating prospective changes to the active and retiree health-care benefits offered by the company." News reports have quoted similar statements from a number of other companies.

AT&T and other companies' well publicized retaliatory scare tactics have led to fear and anxiety among retirees that once again highlights the extraordinary power companies have to take back earned benefits of retirees long after they retire. It is time for Congress to put a stop to these take backs.

I am asking members of the NRLN's Grassroots Network to email the NRLN's sample letter to members of Congress. Ask them to repeal the provision eliminating the corporate tax break and enact the NRLN's Maintenance of Cost Proposal (MCP). The MCP would establish a fixed monthly payment to retirees equivalent to the value an employer provided prior to the reduction or cancellation of retirement health care,

prescription drugs, life insurance, long-term care or other benefits. Companies would be entitled to tax credits as an offset to MCP payments.

Please go to <http://capwiz.com/abtr/home/> to access the NRLN Action Alert. Look for the Action Alert headline: THREAT TO RETIREES PRESCRIPTION DRUG BENEFITS . Click on the "Take Action" button. On the next screen, type in your zip code and click "GO" to identify your elected representatives and access the sample letter. Be sure to personalize the letter with your own comments. If you have a problem accessing the Action Alert with the above link, go to www.nrln.org and click on the "Take Action Now" headline at the top of the NRLN website's home page. Send your email today.

Also, I urge you to call the Washington, DC or state/district office of your Representative and Senators. Use the information in the sample letter to express your concerns about companies eliminating prescription drug and possibly other health care benefits due to the new health care reform law. Phone numbers can be found through the NRLN's Capwiz website at <http://capwiz.com/abtr/dbq/officials/> . The more constituents who write and call their members of Congress, the better chance there is in gaining their attention on retirement issues.

We need the support of all of our Grassroots Network members and we need you to encourage your friends to sign up as Grassroots Network members at <http://capwiz.com/abtr/mlm/signup/> . Not only do we need you and your friends to email letters to Washington and talk with your members of Congress, we also need your financial support through an individual member contribution of \$25, \$50, \$75 or more. Any amount you can contribute will be appreciated. You may make your check or money order payable to **NRLN, Inc.** and mail it along with the Membership Contribution Form at: <http://www.nrln.org/printad.htm>. Or, you may make your contribution online with your credit card through PayPal on the NRLN website at <http://www.nrln.org> by clicking on the "Memberships" icon at the top of the home page and selecting the "Support the NRLN" link.

I recognize that many of the NRLN's Grassroots Network members have already experienced the elimination of their health care benefits by their former employer. I urge those individuals to still write to their lawmakers to try to preserve the company-sponsored benefits that many retirees still have. As retirees, we are all in this together and we need to help one another as much as we can.

Bill Kadereit, President
National Retiree Legislative Network