

Bingo vs. Healthcare

By Jack Cohen

If you're reading this you are probably not what I call a "Bingo Senior."

Earlier in the first decade of this new century, I traveled around New York State speaking at various senior groups in an effort to awaken seniors as to what was happening to their healthcare. The "Bingo Seniors" were more interested in playing Bingo than hearing the disturbing news that their healthcare may be in jeopardy. Such apathy reigns supreme and is literally counted on by so many Members of Congress.

It should now be pretty apparent to even the "Bingo Seniors" that if you are one of the 18 million retirees enjoying employer-provided healthcare, you were indeed the sacrificial lamb of the recent healthcare legislation passed by Congress and signed by President Obama.

In March the CBO (Congressional Budget Office) happily announced, and the administration was quick to reinforce, that the final cost estimate for the legislation after reconciliation would result in a \$143 billion *savings* in federal deficits over the 2010-2019 time period. On May 12th it was announced by the CBO Director that, oops, the actual *cost* would be \$115 billion more than originally projected thereby wiping out most of the originally celebrated savings.

The worst part of this legislation as far as you and I are concerned is that we never got to get on this train as it left for "paradise" and were left at the station. That would have been bad enough, but to add the proverbial "insult to injury," not only were we left at the station, but someone came back, picked us up and threw us under the bus in the form of a major attack on our employer-provided drug benefit documented by this author in the July issue of the Seniors Advocate: We are facing the loss of this drug benefit before 2013.

McDermott, Will & Emery is a prestigious international law firm with a diversified business practice and a staff numbering more than 1,000 lawyers. They have offices all over the world and they also produce a newsletter via their website. On July 21, 2010, they detailed the recent legislation eliminating the tax deduction employers receive for the prescription drug subsidy. The key is in their recommendation:

Next Steps for Employers

Employers that provide retiree prescription drug coverage should analyze the increased future tax liability and the current accounting charges necessary to retain retiree prescription drug coverage, and evaluate the practical and legal risks of eliminating this benefit.

http://www.mwe.com/index.cfm/fuseaction/publications.nldetail/object_id/cf01898e-7d77-4627-999d-5d912eab92be.cfm

Unless something changes there is going to be a massive stampede of employers away from employer-sponsored drug plans that will leave skid marks as they drop their retirees (and probably active employees). According to the CBO there are 9.5 million retirees who can ultimately be impacted by this stampede who will be forced onto Medicare Part D as a result. That includes me and probably you, too.

That means paying:

- A \$310 deductible (up from \$250 in 2006 and climbing)
- 25% of all costs after deductible and before donut hole = \$632.50 (up from \$500 in 2006)
- Donut hole of \$3,607.50 (up from \$2,850 in 2006)
- Out-of-Pocket costs prior to catastrophic coverage = \$4,550 (up from \$3,600 in 2006)
- For those in Medicare Advantage Plans, the average cost is \$31.94/mo. That will also be going up due to impact of the healthcare bill.

The elimination of the tax deduction will result in a projected gain to Medicare of \$4.5 billion. However, the “plus” bean counters are evidently not talking to the “minus” bean counters. As people are dropped from the employer-provided drug plans, we might as well say goodbye to any “plus” revenue saved since the impact of new migration to Part D will eat up all the so-called savings. The cost of the new enrollees will equal about \$5.4 billion. In addition, all charges will be going up on Part D to underwrite the ultimate objective to eliminate the donut hole.

The bottom line in all of this is not only have you and I been left at the station when the train left for paradise, but we have been given the honor of funding someone else’s vacation, while at the same time losing ours. How does it feel to be a “cow’s udder?”

To say that I am angry with all this is obviously a gross understatement. I, along with this organization, ProtectSeniors.Org, will continue to fight this with all our growing strength, which incidentally includes you. You can help by confronting your elected Members of Congress, as I am doing and supporting us financially so that we have resources to continue the fight.

Of course, another option is always...Bingo.