CHALLENGES TO THE FUTURE OF MEDICARE, SOCIAL SECURITY, MEDICAID AND AGING SERVICES

NY StateWide Senior Action Council supports preserving and improving Medicare, Medicaid and Social Security. During the past several years we have been particularly concerned that EARNED BENEFITs such as Social Security and Medicare are under attack. It is important to note that Social Security benefits have no impact on the federal budget – they are completely funded by FICA (payroll) taxes. The Social Security Trust Fund predicts a future shortage of reserve funding that could result in a reduction of benefits, which can be fixed through Congressional action to increase the revenue stream.

Process/History The federal budget has used CRs (continuing resolutions) for years, when unable to reach a budget agreement (this has occured regardless of the parties in the White House and controlling Congress.) CR is a tool to keep the government open and running, but does not address any changes in funding authority, in spite of need. Under a CR, the agencies do not have a complete fiscal year budget in place and have to work on prior years spending levels.

In February 2018, Congress agreed to fund the government until September 30, 2019. The President released his budget proposals; these serve as his guide for budget negotiations, but the Constitution gives Congress, not the White House, authority to appropriate. Congress is now responsible to adopt appropriations bills.

Affordable Care Act (ACA) –There continue to be posturing in Congress and action in the Courts to undermine the ACA. We are very concerned about the under and uninsured in general, and efforts need to be made to fix the system rather than eliminate coverage and the expansion of Medicaid. While Medicare enrollees do not benefit from purchasing their coverage on the health care exchange created under the ACA, the Act does have important provisions that improved Medicare by:

- Eliminating co-pays for preventive services,
- Providing an Annual Wellness Visit
- Reducing drug costs by closing the coverage gap (donut hole); since 2010, Medicare enrollees have saved an average $2,272 per person on prescription drugs.
- Improving care coordination; the Center for Medicare and Medicaid Innovation was created in the ACA to test new ways of delivering care intended to improve quality while reducing the rate of growth in Medicare spending.
- Stabilizing the Medicare Trust Fund; while benefits expanded, cost savings resulted in improved solvency of the fund.
- Supporting Home & Community Based Services as an alternative to nursing home care.
- Funding Chronic Disease Self-Management and Falls Prevention programs.

We support Improved Medicare for All.

Medicare for All. There are a number of bills being discussed in Congress to provide more people with Medicare coverage.

Medicare for All - would create a single national health insurance program for all US residents.

Medicare-X Choice - would add a public option choice on the health insurance exchanges.

Medicare buy in - would provide an option for older individuals, age 50-64, to purchase Medicare Part A, B & D at cost. (The premium would be potentially as low as $8,212/year – compared to the $13,308 Exchange Gold plan costs for a 60 yr old.

Drug Prices The small steps proposed by the White House fall far short of the urgent action that Americans need to stop drug companies from gouging them for life-saving medicine. They proposed ban on rebates for pharmacy benefit managers, but does nothing to lower costs for the Medicare enrollee and may even give larger profits to drug manufacturers. There is also a proposal to allow purchasers to compare pharmacy posted prices, but this does not address the core problem of bringing down the excessive costs. Congress has held hearings on the cost of prescription drugs. Some legislation is now pending to prevent pharmaceutical manufacturers from charging excessive amounts, or preventing generics from coming to market.

Generic parking - Now, the first generic drug approved to compete with a brand-name product gets 180 days of market exclusivity before a second generic can come on the market. Sometimes, they "park" the production so no generic can enter. A House bill tries to prevent "parking" by permitting the FDA to approve a second generic application before the first drug has gone on the market.

Pay for delay agreements – Some brand-name drug manufacturers will straight-up pay a generic manufacturer to delay the generic product from entering the market. The Federal Trade Commission has estimated that such deals increase spending on prescription drugs by $3.5 billion annually. A bill pending in both Houses will prohibit such anti-competitive arrangements.

Brand-name manufacturers refuse to provide the materials that generic competitors need. Pending bills would allow generic manufacturers to request the FDA authorize them to obtain materials from the brand-name company, allow generic drug makers to sue in court for samples and the court would be allowed to award monetary damages to the generic company as a way to discourage brand-name companies from participating in anti-competitive behavior.

Ending the pricing monopoly – Drug companies are allowed to set their own prices. Pending legislation will end the prohibition on Medicare negotiating with drug companies for lower costs. (The Doggert bill - HR 1046)

Older Americans Act (OAA) – The OAA provides the funding that County Offices for Aging rely upon to provide services for older residents. Even though there is increased need based on the aging of the population, funding has not increased. Some programs never recovered from the loss of funding in the budget sequester cuts. Advocates are requesting a 12% increase in OAA programs. Other programs of importance to older residents may also face funding cuts, including heating and cooling assistance (HEAP), food stamps and meals on wheels.
If cuts are part of a budget balancing mechanism, we urge that parity be maintained between defense and non-defense spending.

Medicare – Proposals posed as ways to "help shore up Medicare for future generations" may actually be cuts, some impacting current Medicare enrollees. We oppose proposals that:

- Replace program benefits with premium support, also known as coupons or vouchers, giving each beneficiary a fixed-dollar payment to cover part of the cost of health insurance and enrollees would pay the difference between the voucher and the plan's premium. With the lowest utilizers using vouchers, traditional Medicare's risk pool would be negatively impacted, further compromising the fiscal stability of the Medicare Trust Fund. This would also ultimately end the universal nature of Medicare benefits.
- Increase the age of eligibility, paralleling the full retirement age under Social Security, leaving 65-67 year olds uninsured by Medicare.
- Increase out-of-pocket costs by establishing a single (Combined Part A & B) deductible as well as uniform 20 percent coinsurance, estimated to raise out-of-pocket costs for 35% of Medicare beneficiaries.
- Shift costs from government to individuals, so that beneficiaries pay a larger percent of Medicare costs through increased premiums, deductibles and co-payments. Current costs to the average enrollee average 22% of Social Security income.

We support strengthening Medicare and expanding benefits to include hearing, vision, dental and long term care. We want to make sure that Medicare premiums and out of pocket costs are affordable for all enrollees.
Additionally, we support legislation to fix the problem created by the overuse of "observation status" or Part B/Outpatient charges for hospital care. The billing to Part B eliminates post discharge coverage for institutional rehab care. This bill, S753/HR1682 needs support from the NY delegation.

Medicaid and Food Stamps – These vitally important entitlement programs guarantee that everyone who meets the income guidelines receive benefits. For many older NYers, Medicaid is the only source of payment for long term community home or nursing home care. Proposals would restructure from an entitlement to a block grant or a per person cap, which could eliminate important consumer protections and coverage guarantees. Additionally, federal funds to states in block grants are not projected to keep up with need, and this is a cost shift from federal funds to the state budget. (In 2017 the House proposed a $913 billion cut over 10 years.) The state would have the option to cap enrollment or institute waiting lists, eliminating the guarantee of coverage.

Social Security – there are many threats to the promise of Social Security. Already we are seeing the impact of shortened regional office hours that reduce access for beneficiaries. We will oppose efforts to:

- Raise the age for full benefits to age 69 and delay the option for early benefits.
- Privatize the benefits to allow individuals to invest their premium on Wall Street
- Change the Cost of Living Adjustment to the Chained CPI, representing a cut in benefits for current recipients
- Further reduce Social Security Administration services/office hours

We support extending the solvency of the Social Security Trust Fund through eliminating the cap on income subject to contributions, phasing in a increase in the payroll deduction for all contributors, and we support changing the calculation for cost of living benefits to the CPI-E which takes into account spending patterns of seniors, including health care costs. Additionally, we support a benefit bump for current and new beneficiaries

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