

FRIDAY ALERT



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Alliance to House Ways and Means Committee Democrats: TPP will keep Drug Prices High

The House Committee on Ways and Means Democrats held a hearing on the Trans Pacific Partnership (TPP) trade deal and how it could affect access to medicine. The Alliance submitted a [statement for the record](#) that noted several provisions that will keep drug prices high for all Americans and restrict the government's ability to hold down costs in the future.

One concern is the market exclusivity period for biologics – specialty drugs used to treat various types of cancer and other chronic conditions like rheumatoid arthritis and multiple sclerosis – which provides eight years of “effective market protection.” This provision will prevent access to clinical data and registration of cheaper versions of medicines for eight years, ensuring continued high prices for consumers.

The investor-state dispute settlement (ISDS) provision is also troubling. ISDS provides a mechanism for global corporations to sue countries over government measures that they feel “unfairly” impacts expected future profits. For instance, if a cure for Alzheimer's were developed but the cost was exorbitant and the Medicaid program placed restrictions on who could receive the treatment, a pharmaceutical company could bring an ISDS suit.

“The TPP could jeopardize Medicare's ability to use cheaper and more cost-effective drugs over higher priced alternatives,” said Alliance President **Robert Roach, Jr.** “It even sets up the possibility that Congress could finally decide to allow Medicare to negotiate drug prices and the pharmaceutical industry could then sue for ‘discriminatory’ policies.”

An [op-ed](#) on the TPP by Mr. Roach appeared in *The Hill* this week.

Iowa Medicaid Privatization Shaping up to be a Disaster – Washington Post

Washington Post opinion writer **Dana Milbank** wrote about [problems](#) with the state of Iowa's Medicaid privatization implementation. It is a cautionary tale for those who seek to privatize health care for vulnerable citizens.

Governor **Terry Branstad** (R) is [forcing about 560,000 of the state's poorest residents out of the traditional Medicaid health care program](#) for the economically disadvantaged. Medicaid privatization will require people with disabilities to sign up with private insurers starting January 1, 2016.

Noting that “the transition of Iowa's \$4.2 billion Medicaid program has made the rollout of HealthCare.gov look orderly,” Milbank highlights some of the concerns, including financial and political improprieties; ineptitude and confusion affecting beneficiaries; health care providers' complaints; and doubt that the new program will actually save the state any money.

For example, WellCare, one of the four companies hired to manage the new program, paid \$138 million to resolve claims that it over-billed Medicare and Medicaid, and the firm hired two former Iowa legislators who improperly communicated with the Branstad administration during the bidding process. Health care providers say that they are being forced to sign incomplete contracts or face a penalty, and they complain that some contracts don't cover services that had been covered under the existing Medicaid program.

"For all the problems Medicaid privatization is causing in Iowa, there isn't even documentation that the state will actually save any money," said Alliance Secretary-Treasurer **Joseph Peters, Jr.**

Defined Benefit Pensions Outperformed Defined Contribution Plans and IRAs

A new [report](#) authored by **Alicia H. Munnell, Jean-Pierre Aubry, and Caroline V. Crawford** of the Center for Retirement Research at Boston College has found that between 1990 and 2012, defined benefit plans outperformed defined contribution plans by 0.7 percent. Since this differential remains even after controlling for size and asset allocation, the likely explanation is higher fees in defined contribution accounts.

The report also shows returns for IRAs for 2000-2012, provided by the Investment Company Institute. IRAs now hold more money than either defined benefit or defined contribution plans, but their returns are about 1 percent less than those of defined contribution plans. This could mean trouble ahead for retirees.

Tom Buffenbarger Retiring from IAM after Distinguished Career as President

International Association of Machinists and Aerospace Workers (IAM) President **Tom Buffenbarger** will step down on January 1, 2016 after a 45-year career that includes more than 18 years as the union's top elected official.

"On behalf of the Alliance, I want to congratulate Tom on his upcoming retirement and thank him for all he has done for retirees during his distinguished career," said Mr. Roach. "Having worked with him at the Machinists Union before I came to the Alliance, I know firsthand his commitment to protecting seniors, and we are grateful for his tremendous dedication and sacrifices over the years."

"Tom has generously supported the Alliance's as a board member and worked closely with us to protect and expand Social Security and preserve Medicare for future generations," said **Richard Fiesta**, Executive Director of the Alliance. "I am fortunate to have had the opportunity to work closely with him since 2001."

"We look forward to working with incoming President **Bob Martinez, Jr.**," added Mr. Roach. "As a Trustee of the IAM National Pension Fund, Bob shares the Alliance's commitment to retirement security and is an excellent selection to succeed Tom."

Come to the Alliance's 2016 Southern Regional Conference

The Alliance's quadrennial Southern Regional Conference will be held March 14 – 15, 2016 at the Buena Vista Palace Hotel in Orlando, Florida. During the conference we will elect four regional board members and prepare for the upcoming 2016 elections. More information is available online <http://ow.ly/W5f47> or contact **Joni Jones** at jjones@retiredamericans.org or 202-637-5377.

The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.3 million retirees and their families.