

# FRIDAY ALERT



**Alliance for Retired Americans**

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March 9, 2018

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## Administration Moves to Use the “Age Tax” to Charge Seniors More for Health Care Again

The White House is seeking a package of conservative policy concessions in return for backing a legislative package stabilizing Obamacare markets. The Trump administration has rolled out a [list of policy requests](#) that includes allowing health insurance companies to charge older Americans up to five times as much as younger policy holders.

This policy change would require amending the Affordable Care Act (ACA). “The Affordable Care Act limited how much more seniors can be charged by health insurers due to their age,” said **Robert Roach, Jr.**, President of the Alliance. “The administration’s actions would undo the progress that we have made since 2010.”

The White House is also seeking to allow short-term plans — which offer skimpier benefits with lower premiums — to be renewed. Under a process known as underwriting, short-term plans, exempt from the ACA, can deny people coverage or charge them more based on a health condition. White House officials recently proposed expanding the maximum length of these plans from three months to one year and allowing people to renew the coverage without going through the underwriting again.

## Under a more Accurate Measure, More Seniors are Living in Poverty

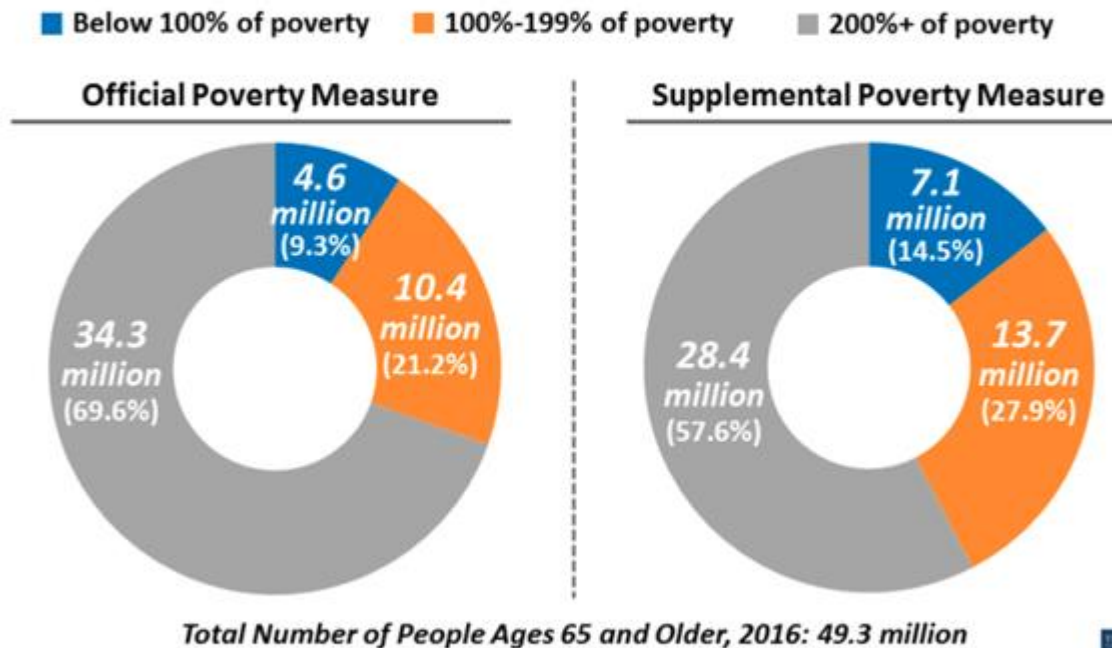
The Kaiser Family Foundation has released a new [study](#) that compares the indexes used by the Census Bureau to determine poverty levels in the United States. The report looked at senior poverty levels under the official poverty measure and the Supplemental Poverty Measure (SPM), which takes into account available income, in-kind benefits, and out of pocket health care costs.

The study was conducted in anticipation of possible policy changes, like sweeping cuts to the Supplemental Security Income program, and highlights the necessity of providing financial support to older Americans. The official poverty measure in 2016 calculated the number of seniors living in poverty to be 4.6 million, which is 2.6 million less than the SPM estimate. That year, at least half of all Medicare recipients had an income totalling \$26,200 or less.

The official poverty measure consistently underreports poverty levels because it fails to account for the liabilities and health care costs of most seniors. With both indexes the poverty rate among people ages 65 and older increased with age and was higher for women, African-Americans and Hispanics, and people in relatively poor health.

Figure 1

## More than 7 million people ages 65 and older had incomes below poverty in 2016, based on the Supplemental Poverty Measure, 2.6 million more than under the official poverty measure



SOURCE: Kaiser Family Foundation analysis of Current Population Survey, 2017 Annual Social and Economic Supplement.



Figure 1: More than 7 million people ages 65 and older had incomes below poverty in 2016, based on the Supplemental Poverty Measure, 2.6 million more than under the official poverty measure

“Rising health care costs are making it harder to live comfortably in retirement. Congress must realize that every dollar counts for seniors, and cutting supplemental funds for medication, nutrition programs, and living expenses such as heating assistance is extremely harmful,” said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance.

### Justice Department Charges 250 Defendants in Senior Fraud Schemes

The Department of Justice has brought charges against more than 250 perpetrators who have been targeting older Americans in costly phone and online [scams](#). Seniors are losing \$36.5 billion each year to these schemes.

CNBC reported that the perpetrators allegedly used mass mailing and telemarketing to rip off seniors, as well as identity theft. Financial abuse by guardians was also a prevalent crime.

More than a million people, most of whom were elderly, were victimized, according to the Justice Department.

In one case, the Federal Trade Commission (FTC) and the state of Missouri filed charges against two men and their sweepstakes organization. The FTC alleged that they sent seniors mailers claiming that they had just won more than \$1 million or that they could win a large cash prize if

they answered a question and submitted a registration fee. Since 2013, victims lost more than \$110 million to this scheme, the FTC said.

#### Elder financial fraud cases

Issue	Percentage of cases reported
Account distributions	26%
Combined diminished capacity and third-party abuse	12%
Diminished capacity	12%
Elder exploitation	5.70%
Excessive withdrawals	<1%
Family member, trustee or power of attorney taking advantage	23%
Fraud	6.30%
Friend, housekeeper or caretaker taking advantage	<1%
Third-party abuse/exploitation	27%

SOURCE: North American Securities Administrators Association

In another case, the FTC and the state of Missouri went after defendants charged with coordinating with telemarketers to trick the elderly into buying phony tech support services.

Some victims of this scheme lost more than \$50,000 paying for fake security software. One person alone paid nearly \$400,000 over several years.

“Legitimate sweepstakes never ask you to wire money or tell you to pay a fee in order to claim your prize,” said President Roach. “Real offers will also spell out clearly the terms, conditions and rules to the contest.”

#### High-Cost Prescription Drugs are an Additional Burden on the Sickest Americans

According to [The New York Times](#) and ProPublica, drug makers have raised prices on treatments for life-threatening or chronic conditions like multiple sclerosis, diabetes and cancer. Insurers have then shifted more of those costs onto consumers. Facing high deductibles and other out-of-pocket costs that expose them to a drug’s rising list price, many people are paying thousands of dollars a month merely to survive.

Skyrocketing prescription drug prices and income restrictions mean the sickest people are making too much to receive funding from programs like “Extra Help” and too little to make ends meet.

“People with chronic diseases have enough to deal with,” said **Richard Fiesta**, Executive Director of the Alliance. “The last thing they need is drug costs that send them into poverty on top of their illness.”

California health care officials have identified their most expensive patient. In that case a 7-year-old with hemophilia was covered by Medicaid, but drug companies hit taxpayers with a bill for [\\$21 million a year](#). The Medicaid program's three most expensive drugs per prescription are for hemophilia, according to the Kaiser Family Foundation.

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The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.4 million retirees and their families.