

The Many Faces of Medicare

- Nearly 180 million workers contribute to Medicare through payroll taxes.
- Approximately 62.7 million people receive Medicare benefits, including:
 - 54.3 million people age 65 and older
 - 8.4 million people with disabilities

2021 Medicare Part A (Hospital Coverage)

Deductible: \$1,484 (first 60 days of Medicare-covered inpatient hospital care)

Coinsurance: \$0 (Days 1-60), \$371 per day (Days 61-90)

2021 Medicare Part B (Physician Coverage)

For all beneficiaries: Part B deductible is \$203 and the Part B copayment is 20%.

Individual's Income in 2019	Couple's Income in 2019	Your 2021 Part B Monthly Premium
\$88,000 or less	\$176,000 or less	\$148.50
\$88,001-\$111,000	\$176,001-\$222,000	\$207.90
\$111,001-\$138,000	\$222,001-\$276,000	\$297.00
\$138,001-\$165,000	\$276,001-\$330,000	\$386.10
\$165,001-\$499,999	\$330,001-\$749,999	\$475.20
\$500,000 and Above	\$750,000 and Above	\$504.90

2021 Medicare Part D (Prescription Drug Coverage)

Monthly Premium: Varies by plan (higher-income consumers may pay more)

Deductible: Varies by plan, \$445 maximum

Doughnut Hole: \$4,130 - \$6,550. Beneficiaries in the doughnut hole will receive a 75% discount for both brand-name and generic drugs.

Cap on Out-of-pocket Costs: \$6,550 (prior to catastrophic, includes discounts)

In addition to a monthly plan premium, high-income individuals will pay an income-related monthly adjustment amount as noted below:

Individual's Income in 2019	Couple's Income in 2019	Income-related monthly adjustment amount
\$88,000 or below	\$176,000 or below	\$0.00
\$88,001 - \$111,000	\$176,001 - \$222,000	\$12.30
\$111,001 - \$138,000	\$222,001 - \$276,000	\$31.80
\$138,001 - \$165,000	\$276,001 - \$330,000	\$51.20
\$165,001 - \$499,999	\$330,001 - \$749,999	\$70.70
\$500,000 and Above	\$750,000 and Above	\$77.10

Medicare: When and How to Apply for Benefits

Medicare is available for people age 65 or older, younger people with disabilities and people with End Stage Renal Disease. If you sign up after you turn 65, you may be penalized unless you have other coverage.

For information about when to apply for Medicare go to www.medicare.gov. To apply for Medicare, call 1-800-772-1213 or visit www.medicare.gov.



House Drug Price Negotiation Bill - H.R. 3

On April 22, 2021, Representatives Frank Pallone (NJ), Richard Neal (MA) and Bobby Scott (VA) introduced the **Elijah E. Cummings Lower Drug Costs Now Act** (H.R. 3). The bill allows the government to negotiate lower drug prices for people covered by Medicare and private insurance.

H.R. 3 repeals current law that prohibits the federal government from negotiating lower drug prices. It requires that the Secretary of Health and Human Services negotiate on up to 250 of the most expensive drugs, including insulin. The negotiated amount would be available to all payers, thus allowing workers covered by employer-sponsored plans to also benefit from the price reductions.

Alliance for Retired Americans Position

The Alliance for Retired Americans supports H.R. 3 and urges Congress to quickly pass this legislation.

In particular, the Alliance supports drug negotiations as the best way to reduce costs for Medicare beneficiaries and all Americans in group health insurance plans. We also support the H.R. 3 provisions that cap drug price increases in Medicare Parts B and D and limit out-of-pocket costs for Medicare beneficiaries.

Limiting Prices to International Drug Index

Americans pay the highest prices in the world for prescription drugs. According to a March 29, 2021 report by the Government Accountability Office (GAO), in 2020 Americans paid two to four times more for 20 brand-named drugs than people in Canada, France and Australia.

H.R. 3 brings drug prices in the United States more in line with those in other industrialized nations. Prices would be limited to 120% of the average costs of the drug in six other countries (Canada, United Kingdom, France, Germany, Australia and Japan).

Excise Tax on Drug Corporation Profits

Drug corporations that refuse to negotiate or those that don't comply with the agreement would be subject to a 65% to 95% excise on their gross sales.

Limit Increase in Drug Prices under Medicare Parts B and D

The bill limits the increase in drug prices under Medicare Parts B and D to the cost of inflation. The base year is set at 2016; thus, drug companies that have increased their prices since then would have to lower them or pay a rebate to the government.

Cap on Out-of-Pocket Drug Spending under Medicare

H.R. 3 caps out-of-pocket spending for Medicare beneficiaries at \$2,000 a year. Currently, there is no cap on out-of-pocket spending. Out-of-pocket spending continues to escalate each year, particularly for specialty drugs -- high-cost prescription medications used to treat complex, chronic conditions like rheumatoid arthritis, multiple sclerosis, and cancer. According to the Kaiser Family Foundation, the average out-of-pocket spending for 28 of 30 specialty drugs is \$8,109 per year.

Invest in New Treatments and Cures

Negotiating lower prices would save taxpayers \$450 billion per year, according to the Congressional Budget Office. Under H.R. 3, those savings would be reinvested in the National Institutes of Health and the Food and Drug Administration to support their research missions.



Pandemic Treatment Access and Affordability (PTAA) Act

Representatives Jan Schakowsky (D-IL), Lloyd Doggett (D-TX), Rosa DeLauro (D-CT) and Peter DeFazio (D-OR) introduced the Pandemic Treatment Access and Affordability (PTAA) Act, H.R. 597, on January 28, 2021. Americans pay the highest prices in the world for prescription drugs. H.R. 597 establishes critical protections against drug price gouging amid the COVID-19 pandemic.

The federal government has spent tens of billions of taxpayer dollars on research and development (R&D) of vaccines and treatments for COVID-19, including \$23 billion for manufacturing and purchasing. Despite this public investment, there is no guarantee that these taxpayer-funded drugs will be affordable, accessible, or available to all those who need them.

Alliance for Retired Americans Position

The Alliance urges Congress to sponsor and pass H.R. 597, which prohibits price gouging during a pandemic or health emergency.

All Americans should have access to affordable medications, treatments and vaccines. Furthermore, any medicines, treatments or vaccines developed with taxpayer dollars should be available and affordable to everyone.

Access to COVID-19 Drugs for All Who Need Them

By prohibiting exclusive licensing and ending monopoly control, H.R. 597 ensures universal access to all taxpayer-funded drugs used to treat or prevent COVID-19.

Ensures Affordability

H.R. 597 mandates reasonable and affordable pricing for new, taxpayer-funded drugs that are used to treat or prevent COVID-19.

Greater Transparency

Drug corporations must publicly report specific breakdowns of their total expenditures, including the amount which came from taxpayer dollars, related to any drug used to treat or prevent COVID-19.

Prevents Price Gouging

H.R. 597 blocks excessive pricing of drugs used to treat any disease that causes a public health emergency, not just the COVID-19 pandemic.

- Drug price gouging is an on-going threat;
- Drug corporations used a \$50 billion windfall from the 2017 tax bill for stock buybacks rather than lowering prices or investing in the development of new drugs;
- Drug prices continue to escalate. In 2020, drug corporations raised the prices of more than 400 drugs by more than five percent with no explanation;
- Remdesivir was developed with \$70.5 million of taxpayer dollars, yet there is no requirement that the medication be affordable. In fact, on June 29, 2020, in the middle of the pandemic, Gilead increased the price of their drug Remdesivir -- one of the drugs approved to treat COVID 19 -- by 30% to \$3,120 for a five-day treatment.



Oppose the TRUST Act

Sen. Mitt Romney (UT) and Rep. Mike Gallagher (WI) introduced the Time to Rescue United States' Trusts (TRUST) Act, S.1295 and H.R. 2575, on April 21, 2021.

The bill paves the way to cuts in Social Security and Medicare.

Alliance for Retired Americans Position

The Alliance for Retired Americans strongly opposes the TRUST Act.

Retirees have earned their Social Security and Medicare benefits over a lifetime of work. The benefits ensure older Americans receive the health care they need, and they provide necessary income for more than 60 million Americans. These benefits are critical and they should not be cut.

We ask all Senators and members of Congress to reject the TRUST Act and any future bills or amendments that aim to make dangerous changes or cuts to these essential earned benefits.

Background

The Rescue Committees

Each committee will have 12 members, appointed by the House Speaker and Minority Leader and the Senate Majority and Minority Leaders. Their deliberations would not include public hearings or input.

The committees can consider dramatic changes to Social Security and Medicare that could dismantle these essential programs such as benefit cuts, changing the eligibility age, means testing benefits, or raising taxes on working Americans.

Members of the House or Senate committees with jurisdiction over these programs, the House Committees on Ways and Means and Energy and Commerce and the Senate Committee on Finance, could make suggestions, but the Rescue Committees are not required to accept them.

Trust Fund Solvency

Senator Romney falsely claims that the Social Security and Medicare Trust Funds are in danger and that dramatic changes are necessary.

In fact, the Social Security Trust Funds can pay full benefits until 2035 and 79% benefits after that. Requiring the wealthiest Americans to pay their fair share into the system would extend solvency beyond 2035.

The Medicare Trust Fund is also solvent, and can be further strengthened by reining in the skyrocketing cost of prescription drugs by allowing Medicare to negotiate for lower prices. There is no justification for secret committees that leave out public testimony to fundamentally change or cut the benefits Americans work a lifetime to earn.

An Anti-Democratic Process

Each Rescue Committee's report can be approved by a simple majority vote of its members. Once approved, the report would become a bill and would then be sent to the House and Senate committees of jurisdiction.

The House and Senate committees would review and discuss the bill, but they could not amend it. The bill would then go to the House and Senate floors for an up or down majority vote.

There is no justification for secret committees to provide political cover for Congress to cut Social Security and Medicare.



The Social Security Fairness Act

On The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) were enacted in 1977 and 1983 respectively as amendments to the basic Social Security law.

These provisions reduce Social Security benefits for public sector retirees who receive a public pension or the spouse or survivor of a Social Security beneficiary who worked for a period of time in a job not covered by the Social Security program.

More than 2.5 million Social Security beneficiaries are affected by one of both these provisions, and they do not receive the full Social Security benefits that they otherwise earned. The WEP and GPO disproportionately affect lower-income workers. As a result, many face economic hardship during retirement.

Alliance for Retired Americans Position

In 2021, Senators Sherrod Brown (OH) and Susan Collins (ME) and Representatives Rodney Davis (IL) and Abigail Spanberger (VA) introduced the Social Security Fairness Act (S. 1302 and H.R. 82). The bills would repeal the WEP and GPO provisions and allow those affected to keep the full Social Security benefits they or their spouses earned.

The Alliance supports the Social Security Fairness Act and urges members of Congress to co-sponsor and help pass this important legislation.

The Windfall Elimination Provision

The WEP reduces the Social Security benefits of a public sector worker who collects a pension from a job not covered by Social Security. Four percent of retired workers, or nearly 2 million retirees, were affected as of December 2019. These workers are retired federal, state and local government employees who worked as teachers, police, firefighters, postal workers and general employees.

The WEP provision was intended to reduce what Congress considered overly-generous Social Security payments; however, the adjustment formula does not differentiate between high- and low-wage workers. As a result, retirees who earned lower wages at work are disproportionately hurt by the WEP.

The Government Pension Offset

The GPO reduces Social Security spousal or survivor retirement benefits of a worker who collects a public pension from a job not covered by Social Security. The individual's Social Security spousal or survivors benefits are reduced by two-thirds of the amount of their government pension. The reduction is recalculated each year, when the retiree receives a cost-of-living increase in their pension, further reducing the benefit. In some cases, if two-thirds of the individual's government pension is greater than their Social Security spousal benefits, those Social Security benefits are reduced to zero.

As of December 2019, 707,879 Social Security beneficiaries had their spousal or survivor benefits completely eliminated or partially reduced by the GPO. The GPO has a particularly harsh effect on moderate and low income pensioners. Eighty-three percent of Americans subject to the GPO are women, who are already more likely to fall into poverty as they age.

Which public sector workers and retirees are affected?

- Many teachers in 15 states—Arkansas, California, Colorado, Connecticut, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Maine, Missouri, Nevada, Ohio, Rhode Island and Texas;
- Many state, county, city and special district employees around the country; and
- Federal employees in every state (hired before January 1, 1984) who are in the CSRS retirement system.