Retirees Applaud HHS Secretary Becerra's Directive that CMS Reconsider 14% 2022 Medicare Premium Hike

Xavier Becerra, Secretary of the U.S. Department of Health and Human Services, ordered the Centers for Medicare and Medicaid Services (CMS) Monday to reconsider the massive Medicare Part B premium hike scheduled to begin this month.

More than half of this increase was due to the exorbitant price of just one prescription drug for Alzheimer’s, Aduhelm, that has not even been approved for use by Medicare.

Medicare officials announced hours after Secretary Becerra’s directive on Tuesday that coverage of Aduhelm would be limited to patients who receive it in randomized controlled trials. The decision marks the first time Medicare has limited beneficiaries access to an FDA-approved drug in this way. On December 14, the Alliance sent a letter asking Secretary Becerra to reverse the excessive premium increase.

“Seniors simply cannot afford the Part B increase, nearly half of which is due to the outrageous price of one controversial drug,” said Richard Fiesta, Executive Director of the Alliance. “We are grateful that Secretary Becerra has done what Alliance members asked: tell CMS to reconsider its decision.”

Medicare beneficiaries were shocked to learn last year that their Medicare Part B premiums are scheduled to go up by $21.70 per month in 2022, a 14.55% increase over last year’s premium. CNN reported in November that $10 of the planned increase was due to Aduhelm, at a cost of $56,000 per year per patient. The higher premiums, which are deducted from beneficiaries’ Social Security checks, would have cost consumers a significant portion of this year’s 5.9% cost-of-living increase.

Making matters worse, pharmaceutical corporations have already hiked prices for hundreds of drugs by nearly 5% this year, leading Fiesta to declare Aduhelm part of a bigger problem.

“Americans pay the highest prices in the world for prescription drugs, and seniors are bearing the brunt of it,” Fiesta stated. “It is unconscionable for Medicare premiums to increase this dramatically because of one corporation’s greed. This illustrates why Congress must take strong action to rein in the drug corporations and allow Medicare to negotiate lower drug prices for the American people.”
Voting Rights Push Hits a Major Hurdle following Speech by Sen. Sinema

President Biden spoke in Atlanta Tuesday, painting a dire picture for the nation's future elections during a major speech on voting rights while expressing his frustration at Republicans who are blocking voting rights legislation. He called on the Senate to change its filibuster rules to accommodate passage of voting rights reform.

However, Sen. Kyrsten Sinema (AZ) gave a speech opposing filibuster changes on Thursday, casting a major cloud over that voting rights push. Her remarks made it far more likely that 60 votes would be needed to move voting rights legislation, rather than a simple majority, in the Senate. Her statement came just as Senate Majority Leader Chuck Schumer (NY) was set to trigger the battle over changing Senate rules.

Adding to the drama, the House had just passed the Freedom to Vote: John R. Lewis Act, a critical piece of voting rights legislation, when Sen. Sinema spoke. That legislation combines key elements of the previously House-passed John R. Lewis Voting Rights Advancement Act and the Senate’s Freedom to Vote Act.

“We cannot give up on the push for voting rights,” said Robert Roach, Jr., President of the Alliance. “There is too much at stake to lose our democracy because we were unable to pass a national voting rights law. Nineteen state legislatures have enacted laws that will make it harder for Americans to vote this year and many others are trying to do the same thing.”

Pension Plans Offer Substantial Cost Advantages Over 401(k) Retirement Accounts

A new research report from the National Institute on Retirement Security (NIRS) has uncovered a surprising difference between defined-benefit pension plans and 401(k) style defined-contribution pension plans. The report found that pension plans provide retirement benefits at nearly half the cost of 401(k) accounts, due in part to defined-benefit plans’ “longevity risk pooling.” Defined-contribution plans, in contrast, must receive excess contributions to enable each worker to self-insure against the possibility of living longer than average.

“Pensions have economies of scale and risk pooling that just can’t be replicated by individual savings accounts,” explained Dan Doonan, Executive Director of NIRS and co-author of the report. “This means pensions can provide retirement benefits at a much lower cost.”

Other advantages for defined-benefit pensions include higher investment returns and optimally balanced investment portfolios.

Additionally, the report indicated that roughly four-fifths of the difference in costs occurs in the years post-retirement. Retired individuals often incur substantially higher fees when retirement assets are withdrawn from a workplace retirement plan. Many retirees also shift their savings to lower-return, lower-risk asset classes.
“We have known for decades that pension plans have substantial advantages over 401(k) plans for workers and retirees,” said Joseph Peters, Jr., Secretary-Treasurer of the Alliance. “This new research shows the advantages associated with administering defined-benefit plans.”

AFL-CIO’s Martin Luther King Jr. Day Virtual Event to Feature Vice President Kamala Harris

Click here to register for the January 2022 AFL-CIO’s Dr. Martin Luther King Jr. Civil and Human Rights Conference this Sunday and Monday, January 16-17. Speakers at the virtual event include many labor and social justice leaders from across the country: Vice President Kamala Harris; Senators Raphael Warnock (GA) and Sen. Jon Ossoff (GA); Judge Greg Mathis; as well as actors Michael B. Jordan, Blair Underwood, Ruth Negga, Mykelti Williamson, and Colman Domingo. Musicians Yolanda Adams, Tom Morello, PJ Morton and Brittney Spencer will also perform.

The event will honor Dr. King’s legacy as both a civil rights leader and as a devoted trade unionist.

“Dr. King said, ‘The time is always right to do what is right.’ If he were here with us today, I know he would be at the forefront of the battle over the right to vote and have your vote be counted,” said President Roach. "Our democracy is under threat from voter suppression bills, and this birthday comes at an opportune time for our nation to invoke his legacy."

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.