Alliance *for* Retired Americans®

FACT SHEET

JANUARY 2023

The Inflation Reduction Act and Prescription Drug Prices

Americans pay the highest prices for prescription drugs in the world, and older and retired Americans, who take the most medications to stay healthy and often live on fixed incomes, bear the brunt of this crisis. One in four people over the age of 65 reports not taking at least one prescription drug as prescribed due to its cost. Meanwhile, pharmaceutical corporations are making record profits, lining the pockets of their executives and shareholders while patients struggle to afford the drugs they need to stay healthy.

To help reverse the pharmaceutical industry's stranglehold on our health care system, on August 16, 2022 President Biden signed the Inflation Reduction Act into law. It means lower prescription drug prices for millions of Medicare beneficiaries.

The law is already lowering prescription drug prices.

Key provisions include:

Medicare beneficiaries will pay no more than $35 per month for insulin.

As of January 1, 2023, co-pays for a one month supply of insulin are capped in Medicare Part D and Medicare Advantage Prescription Drug Plans (MA-PDs) at $35.

For 2026 and afterwards, insulin will be priced at $35 per month or 25% of the drug's negotiated price, whichever is lower. In addition, Medicare Part D plans will be required to offer the insulin copay amount even before the Medicare beneficiary meets his or her yearly deductible. This provision will help the one in three Medicare beneficiaries who suffer from diabetes, a total of over 3.3 million beneficiaries who use one or more of the common forms of insulin.

All recommended adult vaccines will be free for Medicare beneficiaries.

As of January 1, 2023, 4.1 million Medicare beneficiaries with Medicare Part D and MA-PDs will not have a co-payment for any vaccines that are recommended for adults by the Advisory Committee on Immunization Practices.

Drug corporations will be prohibited from increasing the price they charge Medicare for a drug more than the rate of inflation:

As of October 1, 2022, any drug corporation that increases the prices of its products faster than their inflationary cost must pay the amount that exceeds inflation back to Medicare. This provision addresses brand name drug corporations' long-standing practice of yearly price increases — often more than twice the rate of inflation — and helps reduce the amount seniors pay for their prescriptions. It will also strengthen the Medicare program's finances.

Out of pocket prescription drug expenditures will be capped at $2,000 per year for Medicare Part D and MA-PD beneficiaries:

Beginning in 2025, Medicare Part D beneficiaries will not have to pay more than $2,000 per year for out of pocket prescription drug costs. This will help the 1.4 million beneficiaries who today spend more than $2,000 each year on prescription drugs.

Requiring Medicare to negotiate lower prices for the 20 highest priced prescription drugs:

The Inflation Reduction Act repeals the 2003 Medicare Prescription Drug, Improvement and Modernization Act. That law that explicitly prohibited HHS from negotiating for lower prescription drug prices with the pharmaceutical industry on behalf of Medicare beneficiaries. The Alliance worked for nearly two decades to convince Congress to allow Medicare to negotiate lower drug prices.

Under the Inflation Reduction Act, in 2026 the Secretary of Health and Human Services must negotiate the prices for 10 Medicare Part D drugs, and 15 in 2027. In 2028 HHS will negotiate the prices of 15 high priced drugs in Parts B and D, while in 2029 and thereafter, HHS will negotiate prices of 20 prescription drugs from Parts B and D.

An extension of Affordable Care Act subsidies for three years:

The Inflation Reduction Act will help approximately 13 million Americans pay for health insurance and prevent 3 million from becoming uninsured. It does this by extending premium subsidies that low and middle-income people received during the coronavirus pandemic to get health coverage under the Affordable Care Act through 2025. It also allows those with higher incomes who became eligible for such subsidies during the pandemic to keep them.

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FACT SHEET

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Social Security and Medicare: Current Facts and Figures

The Many Faces of Social Security

- Nearly 182 million workers contribute to Social Security through payroll taxes.
- Nearly 66 million people receive monthly Social Security benefits:
  - 50.2 million people receive retirement benefits
  - 5.9 million people receive survivors' benefits
  - 8.9 million people receive disability benefits.
- [Beneficiaries by state]

Average 2023 Monthly Social Security Benefit

- A retired worker: $1,677
- A retired couple: $2,753
- Disabled worker: $1,364
- Disabled worker with spouse and child: $2,383
- Widow or widower: $1,567
- Young widow or widower with two children: $3,187
- Maximum Monthly Social Security Benefit: $3,627 (for worker retiring at Full Retirement Age).

Social Security Cost of Living Adjustment (COLA) for 2023: 8.7%

2023 Social Security and Medicare Contribution Amounts

Social Security: 6.2% for both workers and employers. This contribution is paid on earnings up to $160,200.
Medicare: 1.45% for both workers and employers on all wages.

2023 Social Security Eligibility

Full Retirement Age: Depends on your birth year. [Normal retirement age (NRA) (ssa.gov)]
Early Retirement Age: 62 (taking early retirement can reduce Social Security benefits up to 30 percent)

Social Security: When and How to Apply for Benefits

Generally, you should apply for Social Security benefits four months before the date you want your benefits to begin. Click here for more information on when you can apply for Social Security: https://www.ssa.gov/planners/retire/. You can apply in one of the following ways:

- Visit your local Social Security office. Call 1-800-772-1213 to find the nearest office.
- Call Social Security at 1-800-772-1213. If you are deaf or hard of hearing, you can call Social Security at TTY 1-800-325-0778.
- Online: https://secure.ssa.gov/iClaim/rib

The Many Faces of Medicare

- Nearly 182 million workers contribute to Medicare through payroll taxes.
- Approximately 64.5 million people receive Medicare benefits, including:
  - 56.6 million people age 65 and older
  - 7.9 million people with disabilities
- Beneficiaries by state

2023 Medicare Part A (Hospital Coverage)

Deductible: $1,600 (first 60 days of Medicare-covered inpatient hospital care)
Coinsurance: $0 (Days 1-60), $400 per day (Days 61-90)

2023 Medicare Part B (Physician Coverage)

For all beneficiaries: Part B deductible is $226 and the Part B copayment is 20%.

Individual's Income in 2021	Couple's Income in 2021	Your 2023 Part B Monthly Premium
$97,000 or less	$194,000 or less	$164.90
$97,000-$123,000	$194,000-$246,000	$230.80
$123,000-$153,000	$246,000-$306,000	$329.70
$153,000-$183,000	$306,000-$366,000	$428.60
$183,000-$500,000	$366,000-$750,000	$527.50
$500,000 and Above	$750,000 and Above	$560.50

2023 Medicare Part D (Prescription Drug Coverage)

Monthly Premium: Varies by plan (higher-income beneficiaries may pay more)
Deductible: Varies by plan, $480 maximum

Doughnut Hole: $4,430 - $7,050. Beneficiaries in the doughnut hole will receive a 75% discount for both brand-name and generic drugs.

Cap on Out-of-pocket Costs: $7,050 (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 2021	Couple's Income in 2021	Income-related monthly adjustment amount
$97,000 or less	$194,000 or less	$0.00
$97,000 - $123,000	$194,000 - $246,000	$12.20
$123,000 - $153,000	$246,000 - $306,000	$31.50
$153,000 - $183,000	$306,000 - $366,000	$50.70
$183,000 - $500,000	$366,000 - $750,000	$70.00
$500,000 and Above	$750,000 and Above	$76.40

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 https://www.ssa.gov/planners/retire/justmedicare.html. To apply for Medicare, call 1-800-772-1213 or visit www.medicare.gov.

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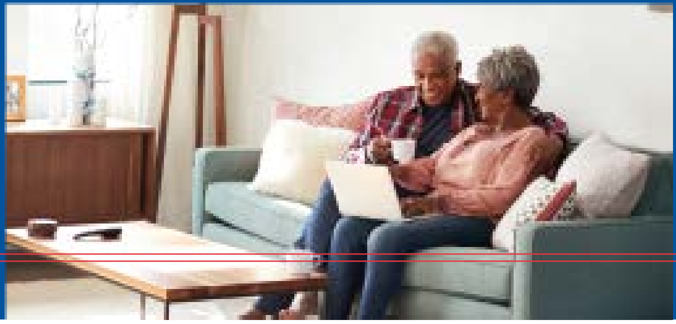
POSITION PAPER



JANUARY 2023

Increasing the Debt Ceiling

What is the national debt ceiling and why is it important to older Americans?

The debt ceiling is a legal restriction on how much money the federal government can borrow to pay its bills. Congress instituted the debt ceiling in 1917 as a way to rein in federal agencies that were ignoring Congress and setting their own budgets, and it has been raised 78 times since 1960.

Raising the debt limit is necessary to meet the financial obligations the government has already made and ensures that vital payments to Social Security and Medicare beneficiaries continue uninterrupted. The federal government borrows money by issuing bonds to pay its bills. Raising the debt limit allows the federal government to continue issuing bonds, which are backed by the full faith and credit of the United States.

If Congress does not raise the debt ceiling and defaults by not paying its obligations on its bonds, the consequences would be disastrous for the United States and the world economy. Under a default, the government would be forced to prioritize among various expenditures it is already legally bound to pay. It is also possible that a default could lead the government to have to delay or disrupt Social Security payments,the issuance of tax refunds or the payment of salaries for federal employees and military personnel.

Serious concern about increasing the debt ceiling has arisen since the Republican Party became the majority party in the House of Representatives in January. In exchange for votes to become the House Speaker, Rep. Kevin McCarthy promised to cap spending at 2022 levels, which would cut $130 billion from last year's FY 2023 funding bill, enacted in December, and also severely reduce FY 2024 government funding. These federal agency funding cuts would harm seniors, communities and families across the country.

At least 127 members of the House Republican Study Committee have released a budget for fiscal 2023 that will increase the eligibility ages for Social Security and Medicare, and reduce benefits for people 54 and younger by changing the Social Security benefit formula. In addition, many House Freedom Caucus members demanded that Speaker McCarthy commit to leverage the debt ceiling vote to force President Biden and Democrats to agree to slash Social Security and Medicare in exchange for voting for him as Speaker.

Alliance for Retired Americans Position

The Alliance for Retired Americans supports increasing the debt ceiling with no strings attached to it. Moreover, the Alliance is strongly opposed to the harmful cuts to Social Security, Medicare and the federal budget as a whole proposed by the Republican Party. This position is also shared by House and Senate Democrats and the White House.

Retirees have earned their Social Security and Medicare benefits after a lifetime of hard work. These earned benefits ensure that older Americans receive the health care they need and provide necessary income for more than 66 million Americans. Nearly 50% of retired Americans depend on Social Security for half of their income, while one in four over age 65 relies on Social Security for 90% of their income.

Medicare guarantees quality health care coverage to over 64 million older Americans. Both Social Security and Medicare are earned benefits, not government handouts, and should absolutely not be cut or compromised.

The Alliance demands that Congress reject the threats to cut Social Security, Medicare and other critical social programs for seniors. We believe that Congress must not, under any circumstances, allow MAGA Republicans to dictate destructive policies that would be harmful not only to seniors but to all Americans.

Alliance for Retired Americans®

POSITION PAPER

JANUARY 2023

Expanding Social Security

For decades, Social Security has delivered guaranteed benefits on time and without interruption to millions of Americans. Americans earn their Social Security benefits, contributing into the system with every paycheck.

These benefits are essential to all who rely on them, including seniors, people with disabilities and families of deceased workers.

Today 65 million Americans one out of every five households relies on Social Security's lifetime, guaranteed benefits.

To continue to provide retirement security for current and future generations, it is time to strengthen and expand Social Security and increase benefits. Many members of Congress recognize the need for action and are proposing legislation that will ensure the Social Security system remains strong and Americans receive the benefits they have earned.

Alliance for Retired Americans Position

The Alliance for Retired Americans strongly supports legislation introduced in Congress that increases Social Security benefits, extends the solvency of Social Security and repeals the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). We believe a practical and fair way to accomplish this is to lift the cap on Social Security payroll taxes above the current $160,200 and require that wealthy Americans pay their fair share of taxes into the system.

Social Security Expansion Act

The Social Security Expansion Act, which is about to be introduced by Senator Bernie Sanders (D-VT), expands Social Security and increases benefits by requiring that wealthy Americans pay their fair share.

This legislation would extend the solvency of Social Security for 75 years by lifting the cap and subjecting all income above $250,000 to the Social Security payroll tax.

The bill increases the Cost-of-Living-Adjustments to more accurately measure the spending patterns for seniors by adopting the Consumer Price Index for the Elderly (CPI-E). It also expands Social Security benefits across the board for current and new beneficiaries, increasing benefits by $200 per month.

It improves the Special Minimum Benefit for Social Security recipients, restores student benefits up to age 22 for children of disabled or deceased workers, and combines the Disability Insurance Trust Fund with the Old Age and Survivors Trust Fund so that all Americans receive the benefits they have earned.

The Safeguarding American Families and Expanding (SAFE) Social Security Act

The SAFE Social Security Act, which is on the verge of formal introduction by Senator Brian Schatz (D-HI), will increase Social Security beneficiaries' monthly benefits by $125 per month. This legislation will also ensure that cost of living adjustments adequately reflect the living expenses of retirees, extend the life of the Social Security Trust Fund, and remove the wage cap to ensure all Americans contribute equally.

Key benefits of the legislation include:

Phasing out the payroll tax cap so that payroll taxes apply fairly to every dollar of wages earned;
Updating the annual COLA to better reflect the real costs that seniors face through the use of the Consumer Price Index for the Elderly;
Guaranteeing a new minimum benefit so that lower income seniors receive enough to survive;
Rewarding caregiving by providing a credit towards future social security payments;
Ensuring that any increase in benefits would not harm an individual's eligibility or cause a reduction in their SSI, Medicaid or CHIP benefits;
Eliminating the waiting period for disability insurance and surviving spousal benefits;
Increasing the Net Investment Income Tax (NIIT) to extend the solvency of the Trust Fund to 2050.

The Social Security Enhancement and Protection Act

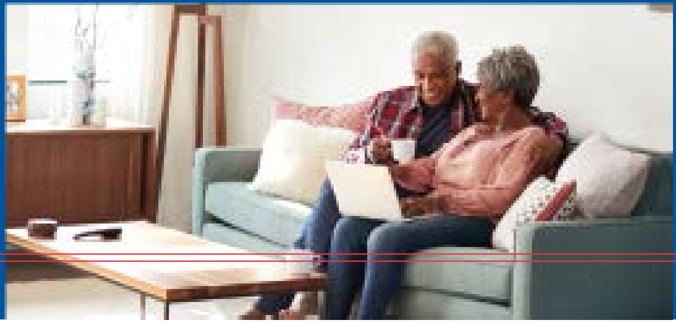
The Social Security Enhancement and Protection Act, introduced by Rep. Gwen Moore (D-WI), makes key reforms to strengthen and improve program benefits to augment Social Security's ability to protect vulnerable Americans living in poverty. The legislation accomplishes this by eliminating the cap on Social Security payroll contributions, while also improving the program's special minimum benefit to better support low-income workers. The bill, which recognizes that the provision of child care is also hard work, allows the years in which a parent provides care for a young child to count as a year of coverage for determining an individual's Social Security benefits.

Additionally, the legislation reinstates benefits for students up to age 26 who are children of retired, deceased, or disabled workers. It also increases benefits for all beneficiaries 20 years after retirement, providing economic stability to the eldest among our nation's senior population.

Social Security Fairness Act

The Social Security Fairness Act, H.R. 82, introduced by Rep. Garret Graves (R-LA) and Rep. Abigail Spanberger (D-VA), repeals the GPO and the WEP.

The WEP affects nearly two million public sector retirees with public pensions, while the GPO reduces by two-thirds the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension. These are outdated provisions that deprive educators and other public employees of the benefits they have earned and the secure retirement they deserve. Moreover, eliminating the WEP and GPO would also serve as a tremendous financial boost not only to seniors but for the United States' economy overall, given that seniors support tens of millions of jobs and contribute trillions of dollars annually to the nation's economy.



The Social Security Fairness Act

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 and women. As a result, many face economic hardship during retirement.

Alliance for Retired Americans Position

In January 2023, Representatives Garret Graves (LA) and Abigail Spanberger (VA) introduced the Social Security Fairness Act (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.