



# FRIDAY ALERT



**Alliance for Retired Americans**

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## **New House Republican Budget Plan Raises Social Security Retirement Age, Privatizes Medicare**

The Republican Study Committee (RSC) just released a new budget [plan](#) that includes devastating cuts and changes to Social Security and Medicare. It also repeals the portions of the Inflation Reduction Act that lower drug prices, including requiring Medicare to negotiate with drug corporations.



RSC Chairman/Rep. Kevin Hern (left) and Rep. Jodey Arrington leave a meeting of the House Republican Conference earlier this year.

The plan raises the Social Security retirement age — beginning in 2026, people 59 years of age would see an increase in the retirement age of 3 months per year, ultimately raising the full retirement age from 67 to 69 for people born in 1971 or later. Guaranteed Medicare benefits would be replaced with a “premium support” plan, meaning seniors would be given a coupon to put toward the cost of purchasing a private insurance plan. People who qualify for Social Security disability payments would have to wait five years, rather than two, to receive Medicare benefits.

The RSC budget’s tax cut would make the individual tax cuts in the 2017 tax code overhaul, currently scheduled to expire after 2025, permanent. The Congressional Budget Office (CBO) estimates this would add \$2.5 trillion to the deficit over the next 10 years.

“We cannot allow this cruel budget to become a reality. It takes away the benefits we earned over a lifetime and gives massive handouts to wealthy corporations and the richest Americans,” said **Robert Roach, Jr.**, President of the Alliance. “Retirees must lead the fight against anyone who goes after our Social Security and Medicare benefits and wants drug prices to be even higher than they are today.”

## Study: Medicare Advantage Overpayments are Far Higher than Estimated

More seniors are choosing private Medicare Advantage (MA) plans over traditional Medicare, but overpayments to the private insurance companies running those plans now [exceed \\$75 billion per year](#). Researchers with the USC Schaeffer Center for Health Policy & Economics found that the overpayments are due to the way patients' health conditions are coded by the insurers.

The report suggests overhauling the current payment formula that links private plan rates to average spending by traditional Medicare beneficiaries. Another option would be to institute competitive bidding by Medicare Advantage plans to determine what insurers are paid.

“We simply cannot afford to let insurance corporations overcharge Medicare year in and year out,” said **Richard Fiesta**, Executive Director of the Alliance. “We urge the U.S. Department of Health and Human Services (HHS) to hold these corporations accountable and return overpayments to the Medicare program.”

## Drug Corporations Must Pay Penalties for Hiking Prices on 43 Drugs Excessively

President **Biden's** Inflation Reduction Act includes a provision that penalizes drugmakers for charging prices that rise faster than inflation for people on Medicare. Now, drug corporations will pay [fines to Medicare for hiking the price of 43 drugs](#).

Biden announced in March that his administration would subject 27 drugs to inflation fines for the second quarter of this year. The new list of 43 replaces that selection for the third quarter of 2023.

The list of drugs for the third quarter includes – for the second time – AbbVie's arthritis drug Humira and Seagen's targeted cancer therapy Padcev.

The Inflation Reduction Act's [Medicare Prescription Drug Inflation Rebate Program](#) is one of the many important tools Medicare now has to address rising drug costs. By reducing coinsurance for some people with Part B coverage and discouraging drug companies from increasing prices more briskly than inflation, HHS can lower out-of-pocket costs for some people with Medicare and reduce Medicare program spending for costly drugs.



“People who take these drugs may save between \$1 and \$449 per average dose between July 1 and September 30 of this year, depending on their individual coverage,” said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. “Each day more people are getting relief from high drug prices thanks to the Inflation Reduction Act.”

Also this week, the **Biden-Harris** Administration announced new tools to lower prescription drug costs for low-income people with Medicare through the [Extra Help program](#).

Beginning January 1, 2024, eligible seniors and people with disabilities will benefit even more through the expansion of the program. People with

Extra Help who currently have partial benefits will be newly eligible for full benefits, meaning they will pay no deductible, no premium, and fixed, lower copayments for certain medications. This could save nearly \$300 per year, on average, according to estimates.

Up to 3 million seniors and people with disabilities could benefit from the Extra Help program now but aren't currently enrolled.

**KFF: Biden Admin Implores States to Slow Medicaid Cuts After More Than 1M Enrollees Dropped**  
**By Hannah Recht**

Too many Americans are losing Medicaid coverage because of red tape, and states should do more to make sure eligible people keep their health insurance, the Biden administration said Monday.

More than a million Americans have lost coverage through the program for low-income and disabled Americans in the past several weeks, following the end of pandemic protections on April 1, according to the latest Medicaid renewal data from more than 20 states.

Read more [here](#).

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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.