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Season's Greetings and Best Wishes for a Happy New Year

This is our last newsletter for 2012 and we want to extend greetings and best wishes to all CSL members, friends, and supporters. We wish everyone a Happy Holiday Season and a very Happy New Year. The year has been one of achievement, transition, and uncertainty. Senior Lobby was an important part of the legislative scene in Colorado and a strong supporter of issues that improve the quality of life of older citizens, their families, and communities across the state. As the New Year arrives, we are committed to a vigorous program of advocacy. We are looking forward to Senior Day at the Capitol, to being active in the legislative arena, and to working as an effective partner with all organizations that serve older citizens. Please plan to attend our Monday morning legislative committee meetings, to be in touch with members of the state legislature, the Governor, and our representatives in Washington. Also, please share with us your ideas, your concerns, and your passion for improving the quality of life for all our citizens. Democracy is not a spectator sport but a form of government that demands participation.

In this issue, we have articles by three CSL Board members, a copy of the letter sent by Chairman Epstein and President Shackelford to all members of the Colorado Congressional delegation, and an article by Professor Max J. Skidmore, the University of Missouri-Kansas City. We are honored to have their contributions and as editor, I am very grateful to each of them. Any kudos should be given to them and any criticisms sent my way. One of our persistent objectives is to inform ourselves. We have an obligation to know facts as well as to have opinions and we have an obligation to speak out as well as to vote. Our representatives need to hear from us, our fellow citizens need to see us taking leadership, and we need to stay abreast of the issues of our time. As your editor, I am trying to pursue these goals.
Henry Barlow, Editor

A Note about Membership in Senior Lobby

Membership in the Colorado Senior Lobby is open to individuals, families, and organizations. Please note the membership form on the back page. Also, please share this form with friend and organizations so that they may join and, if your renewal date is near, do send your dues renewal.

Letter to Colorado Congressional Delegation, December 3, 2012

Colorado Senior Lobby has voted to support a resolution urging you to strongly support programs which serve senior citizens and the disabled during current "Lame Duck" budget negotiations as well as in the months ahead. We are particularly concerned about preserving Social Security, Medicare and Medicaid. In general, these programs are a vital life line for the majority of our older and disabled citizens. These programs contribute to the stability, health and well being of recipients and their families.

Social Security, historically, has proven the most efficient and cost effective way to assure an income floor against poverty for all Americans. Prior to its inception in 1935 and later improvements in coverage, aging or onset of disability generally meant living in devastating poverty. Social Security has proven effective in providing an economic floor for citizens and should not be sacrificed or weakened to address a budget deficit to which it has not contributed. Not only has Social Security not contributed to the deficit, it currently has a 2.7 trillion dollar surplus. Lastly, Social Security is an effective economic stimulant; Social Security payments are generally spent for basic needs in the month they are received.

Medicare, as currently formatted, is funded through 2024. Again, Medicare has not contributed to the national deficit and should not be sacrificed to pay expenses incurred elsewhere. Historically, prior to its inception in 1965, the elderly and disabled were uninsured. Medicare has proven a cost effective and efficient way to insure older and disabled Americans. It allows citizens to, in effect, pre-pay their health insurance premiums while still working, providing affordable coverage and care once they have left the workforce. While Medicare faces long term solvency issues, this problem is a function of out of control health care cost inflation and not due to Medicare itself. Medicare, also, should not be sacrificed to address a budget deficit incurred elsewhere.

Medicaid is vitally needed to address health care costs for lower income citizens and increasingly by middle class families to defray long term care expenses. Experience shows lack of access to health care, particularly preventative care, escalates the amount of care needed and contributes to early death. Concerning long term care, most Americans do not have the financial ability to personally address these expenses should it become necessary. Neither do their family members. Medicaid often becomes the economic firewall against financial disaster for affected individuals and their families.

In conclusion, Social Security and Medicare have not contributed to the national deficit. They are funded by payroll deductions which, in effect, constitute premiums. These are earned benefits, purchased by the wage earner. Medicaid, while funded by general tax revenues, is a vital firewall against loss of access to health care coverage and, in an increasing number of cases, family financial disaster. These programs have proven reliable, cost effective and efficient methods of providing basic income and health care support for our most vulnerable citizens and should not be sacrificed to pay for expenses incurred elsewhere.

Bob Epstein, Chairman Ed Shackelford, President

Covering Colorado under the Affordable Care Act aka "Obama Care"

Jeanette Hensley

The Affordable Care Act (ACA) requires everyone to have health insurance beginning in January 2014, and includes affordability protections designed to insure that people up to 400% of the Federal Poverty Level (FPL) (currently about $92,200 a year for a family of four) can comply with this requirement. Part of the affordability protections include extending Medicaid eligibility to individuals and families with incomes under 138% FPL (annual income of $15,415 per individual) and offering premium tax support for the purchase of private health insurance for people with incomes between 100% FPL and 400% FPL.

Medicaid was supposed to be the platform for coverage for very low income people and because the ACA assumed that every state would cover the Medicaid expansion, the law includes a provision which says that people with incomes under 100 percent FPL ($11,170 for an individual) are not eligible for premium tax credits. What this means is that if states, including Colorado, do not extend Medicaid coverage to those with incomes under 100% FPL, the lowest income people will be left without coverage.

According to a report by the Colorado Division of Insurance, the average total single premium in Colorado's individual market in 2010 was $4,630 annually. Even at half that price, individual insurance is out of range for people under 100% FPL. Therefore, this group will not be able to purchase private health insurance without some type of assistance.

In Colorado, HB09-1293 provides authority for Medicaid to cover Adults without Dependent Children (AwDC) up to 100% FPL, but there was not enough funding to cover everyone, so the state chose to cover individuals with

income up to $90 a month or 10% of the FPL. The current funding will only cover 10,000 individuals.

If Colorado chooses to extend the Medicaid coverage, the state will receive 100 percent of the cost from the federal government through federal fiscal year 2017. After that, Colorado will never pay more than 10 percent of the cost of serving these additional Coloradans.

So what about retirees who are between the age of 55 and 65? They are too young to be covered by Medicare and without employer sponsored insurance, the cost can be astronomical. Rising health care costs have made it difficult for employers to provide quality, affordable health insurance for workers and retirees while also remaining competitive in the marketplace. The percentage of large employers providing workers with retiree health coverage has dropped from 66 percent in 1988 to 29 percent in 2009.[1] Health insurance premiums for older Americans are over four times more expensive than they are for young adults,[2] and the deductible these enrollees pay is, on average, almost four times that for a typical employer-sponsored insurance plan.[3]

The ACA created a new program called the Early Retiree Reinsurance Program to help address this challenge that employers and older employees are facing. The Early Retiree Reinsurance Program provides $5 billion in financial assistance to employers and unions to help them maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare.

Businesses, other employers, and unions that are accepted into the program will receive reimbursement for medical claims for early retirees and their spouses, surviving spouses, and dependents. Savings can be used to reduce employer health care costs, provide premium relief to workers and families, or both. Employers who are approved into the program receive reinsurance for the claims of high-cost retirees and their families (80 percent of the costs from $15,000 to $90,000). The program ends on January 1, 2014 when State health insurance Exchanges are up and running. To see a list of Colorado approved employers go to http://www.healthcare.gov/law/features/employers/early-retiree-reinsurance-plan/co.html.

So what is in it for small businesses?

Starting in 2014, small businesses and their employees will be able to purchase health insurance through the Small Business Health Option Program, (SHOP), or often called the exchange. The SHOP exchange will be a new marketplace for the purchase of small group insurance for employers with up to 50 employees through 2016 and up to 100 employees beginning in 2017. The

SHOP exchange will provide businesses and their employees an expanded array of choices that are currently unavailable in the marketplace. The SHOP exchange will also relieve small businesses of many of the administrative burdens of shopping for and obtaining coverage for their employees. A report from The Commonwealth Fund examines health insurance coverage for small businesses and how the ACA will improve coverage options for employers and employees. The report concludes that even though a majority (59 percent) of Americans have health insurance through an employer, employees of small businesses are far less likely to be offered and eligible for health insurance through their jobs and far more likely to be uninsured than employees in larger businesses. More than half of low-wage employees in small businesses were uninsured at some point during 2010, resulting in these workers to forgo needed health care treatments. For employees that are offered health insurance by their employer, the report found that workers in small businesses have far less choice among health plans than workers in larger firms (typically only being offered one plan). Moreover, health plans offered by small employers offer less adequate benefit packages with greater cost-sharing requirements.

The ACA, will improve the affordability and comprehensiveness of coverage for small employers and their employees in several key ways:

•The SHOP exchange will expand choice for employers and employees so they may obtain the kind of health insurance that meets their needs. The SHOP exchange will also reduce administrative expenses of employers by facilitating premium payments.

•Small businesses that offer health insurance to their employees are eligible through 2014 for a tax credit for up to 35 percent of employer's premium contributions. From 2014-2016 the tax credit will increase to 50 percent.

•Finally, many lower-income and part-time employees may be able to qualify for Medicaid under the ACA's expansion of Medicaid.

Much of the information from this report came from The Colorado Center on Law and Policy, the Colorado Division of Insurance and HealthCare.gov.

Jeanette Hensley is a Colorado Senior Lobby Board Member and CD3 Representative, Colorado Commission on Aging.

[1] *Kaiser HRET.* Employer Health Benefits: 2009 Survey.
[2] *Center for Policy and Research.* Individual Health Insurance 2009.
[3] *Kaiser Family Foundation. 2010. Survey of People Who Purchase Their Own Insurance.*

What about Social Security "Reform?"

Max J. Skidmore, Ph.D.

When it comes to Social Security, what Will Rogers once said is right on target."It ain't what people don't know that's so dangerous. It's what people know—that just ain't so!"

Most of what people "know" about Social Security is simply wrong. That's dangerous because it could lead them to accept "reforms" that would wreck a vital program that has become part of the American way of life—a program that works beautifully.

People "know" these things because of propaganda campaigns by those who think government cannot do things well, even when it does, and those who think it should not do things, even when they make society better. Investment banks and financiers who would love to get their hands on the people's money finance the propaganda.

—People "know" government is inefficient. Social Security, though, pays more than ninety-nine cents in benefits for every dollar it takes in. That makes it far more efficient than any private program.

—People "know" that the system is going bankrupt. But what they "know" is based on pessimistic projections that are unlikely to materialize. What they do NOT know, is that the Trustees who issue projections for Social Security also issue an "Alternative One," or "Low-Cost" projection that says the trust funds will be secure through the full 75-year projection. The only projection that receives any publicity, though, is the "Alternative Two," or "Intermediate" projection. Most people, even the "pundits" (or maybe especially the pundits), are unaware that there is any other projection. In any case, even if the trust funds were to be exhausted completely, there would be no bankruptcy. *U.S. government programs cannot go bankrupt.*

Even with empty trust funds, Social Security's incoming taxes would continue, and these revenues would be adequate to pay nearly 80% of scheduled benefits—and those still would be higher than benefits today. Moreover, removing or even just raising the cap on the amount of income subject to FICA tax would restore the system entirely. Some figures are even favorable. When the baby boomers retire, the work force will include about 44% of the population. In the 1960s, it included only about 37%. If a work force of 37% could maintain Social Security, so can one of 44%, so no one should be misled by propaganda describing how many fewer workers there will be to beneficiaries.

—People "know" that "personal accounts" would bring better returns. The privatizers "cook the books," adopting the most favorable assumptions regarding return on investments, and ignoring Social Security's broad protections. Those who are lucky would do better, but most would do worse; some would lose everything (just ask Enron's former employees how much they can expect from 401Ks). ***Social Security provides more than retirement checks. It provides life insurance for dependents, a benefit for a non-working or lower-paid spouse, guaranteed inflation protection, and disability coverage. Private investments provide none of these, and none can match Social Security's guarantee that you cannot outlive your benefits.*** It is far more than a retirement system.

—People "know" that the economy cannot sustain the current system without "reform" because benefits have to be cut to reduce the deficit. This is totally wrong. Social Security does not affect the deficit. Reducing benefits would simply build up bigger trust funds. It is true that the government has to pay off the bonds in the trust funds, but this is just paying back borrowed money. The U.S. also has to pay off bonds that the Chinese purchase. It is obvious that the Chinese do not increase our deficit when they lend us money that we then have to pay back. It should be equally obvious that Social Security is not contributing to the deficit by lending its surplus to the government. Paying off Social Security's bonds does not create deficit any more than paying off China's bonds does.

The only way that reducing Social Security benefits could reduce the deficit would be to change the law to make the workers continue to pay Social Security taxes without getting anything in return.

What people need to learn is that neither the deficit nor the debt is killing the country. Investors still lend money to the government. The interest we pay on the national debt is as low a percentage of the GDP as it has been since World War II. There is little or no inflation in the system. After the war, our national debt was a far higher percentage of the GDP than it is now. We grew our way out of it. We literally did tax and spend our way into prosperity. Instead of "belt-tightening," in the 15 or so years following the war, under President Truman we paid full expenses for returning service men and women to get college degrees, we expanded "entitlements" by making Social Security nearly universal. Under President Eisenhower we added disability benefits to Social Security and created history's greatest public works project, the Interstate Highway System. All the while we were pouring huge amounts of money abroad to rebuild areas that the war had shattered. The result was not a fiscal cliff, nor becoming "another Greece—which could never happen so long as we create our own currency and pay our bills in dollars, and thus literally can

never “run out of money.” The result was economic growth, and prosperity.

Social Security originally was designed to be a floor for a good retirement, to be “one leg of a three-legged stool.” The other legs were company pensions, and private savings and investments. Now, however, companies are rapidly withdrawing from their pension systems, and that leg has collapsed. Private savings are gone, with the population owning huge amounts on credit cards, and—astonishingly—even more on student loans. Thus that leg is gone, too, and only Social Security is left. It is time to forget about the three-legged stool. Social Security should provide a full retirement, not merely a floor. It needs to be expanded, to provide security that goes with a worker when changing jobs, disabled, or retired.

There it is in a nutshell: Social Security is sound. Any difficulty that might arise could be handled at the time, and with little trouble. The only real threat to the program comes from those who want to “reform” it out of existence. It needs expanding, not reducing.

Dr. Skidmore is a nationally recognized as an authority on Social Security and Medicare. He is Thomas Jefferson Professor and University of Missouri Curators' Professor at the University of Missouri-Kansas City. He is the author of many books, including Medicare and the American Rhetoric of Reconciliation (University of Alabama Press), Social Security and its Enemies (Westview Press), and most recently Securing America's Future: A Bold Plan to Preserve and Expand Social Security.

The Role of Social Security and Medicare in Colorado

Dwight Roinestad

Social Security and Medicare have frequently been targeted during the current federal “fiscal cliff” debate. However, as residents of Colorado, we often lose sight of key elements in this discussion.

First, the overall debate is about how to reduce federal deficit spending. This raises a question as to why Social Security and Medicare come up. After all, these programs have not contributed one penny to the deficit. The answer is that these programs are targeted because of their size; they are convenient targets for large spending reductions. Because of this, they are often targeted for cuts with little or no consideration of the consequences of such action.

While action such as raising the current law full retirement age of 66 or 67, depending upon one’s year of birth, to 69 or raising the age for entitlement to Medicare would seem to make sense, analysts have pointed out resulting

savings are very questionable. Even under the current law, many suffer work ending disability prior to attaining retirement age. If the retirement age is increased, more will undoubtedly file for disability benefits which are more expensive for the program than retirement benefits. Add to this the negative impact to individual beneficiaries and the idea of raising the full retirement age is even less attractive. By its nature, the disability evaluation process is lengthy. During the process, families have lost their income, must often deplete savings, sometimes lose their homes and become more vulnerable and less able to provide for their needs. Consequently, they require more assistance, putting further pressure on already stressed state and local programs. Raising the age for entitlement to Medicare means that individuals that do not have employment related insurance must either provide their own coverage through a more expensive private market or go without insurance, shifting costs for their uninsured health care to the rest of us. Add to this that, since they frequently do not receive needed care timely, resulting treatment is often more involved and more expensive, negating any perceived savings.

Some respond with "why should the taxpayer pay for these people; they should provide for themselves?" Objective evaluation of the issue shows taxpayers have provided for themselves; they paid the taxes, or what can be described as their premiums, to purchase their retirement insurance and medical coverage when they are no longer in the work force. These are earned benefits after all. This aside, we should all ask the question of what kind of society do we want to live in. Are we really comfortable with our senior population losing their often only source of income and health care, potentially resulting in homelessness and unnecessary suffering? Most would respond "no." This being said, the logical conclusion is that, until more cost effective means to provide for retirement income and health care than Social Security and Medicare can be devised, we should not cut these programs, particularly with the idea of providing a short term fix to budget shortfalls that the programs did not contribute to.

Lastly, cuts to these programs would create a significant burden and economic loss for Colorado as illustrated by the chart of Social Security and Medicare in Colorado Congressional Districts prepared by the National Committee to Preserve Social Security and Medicare and included below.

Social Security and Medicare in Congressional Districts, based on 2011 data

Colorado

District	Member	# SS Beneficiaries	# of Disabled	# of Children	Approx. Annual Benefits	*Product Formula for Monthly Benefit*	Monthly Benefit	# of Medicare Eligible
State	Total	721,274	100,000	48,936	$9,790,092,000	12,000	815,841	635,117
CO 01	DeGette	87,113	15,207	5,212	$1,172,460,000	12,000	97,705	79,020
CO 02	Polis	83,285	10,621	5,681	$1,203,804,000	12,000	100,317	72,785
CO 03	Tipton	141,213	20,388	9,627	$1,773,576,000	12,000	147,798	123,279
CO 04	Gardner	111,369	14,483	7,029	$1,477,260,000	12,000	123,105	96,592
CO 05	Lamborn	101,486	15,237	8,032	$1,323,636,000	12,000	110,303	96,616
CO 06	Coffman	98,584	9,471	6,521	$1,501,164,000	12,000	125,097	83,445
CO 07	Perlmutter	98,224	14,593	6,834	$1,338,192,000	12,000	111,516	83,380

Footnotes:

District	*Congressional Districts*
Member	*Name of the Member of the House of Representatives*
# of SS Beneficiaries	*Number of SS beneficiaries including retired workers; disabled workers; widow(er)s and parents; spouses; and children*
# of Disabled	*Number of SS beneficiaries who are disabled workers*
# of Children	*Number of SS beneficiaries who receive payment on the record of a worker who is retired, deceased, or disabled*
Approx. Annual Benefit	*Total annual benefits disbursed to all beneficiaries (based on the December 2011 total multiplied by a factor of 12,000 to produce the total approximate benefit in thousands of dollars).* *Note: Totals may not match the published 2012 SSA Supplement which will contain actual 2011 data.*
# of Medicare Eligible	*Number of persons eligible for Medicare Part D.* *Note: Part D eligible (is most broadly defined between MA-PD and PDP eligible), requires individuals to live I the service area of MA-PD or PDP (i.e., in 50 states or U.S. territories) and individual must have Part A and/or Part B.*

Dwight Roinestad is a Colorado Senior Lobby Board member.

The Colorado Health Care Exchange

Mickail Farrin

In 2010 the Colorado legislature voted to create the Colorado Health Care Exchange rather than accept the option of Federal implementation. Senate Bill 11-200 that created the exchange was sponsored by Senator Betty Boyd. The deadline for implementation is 2014, but Colorado is projecting 2013 for its plan.[1]

In 2011-12 the Colorado Health Care Exchange board was formed and developed all its functioning processes. The Board of Directors meets the 2nd & 4th Monday from 8:30am - 12 noon at the Mild High Room of COPIC, 7351

[1] *Colorado - The official State web portal , Health Care Reform, http://www.colorado.gov/healthreform*

East Lowry Blvd., Denver[2].

In 2012 The Health Exchange publicized the cost to consumers and the Federal Medicaid support for low income that would be available in the beginning of the Health Exchange Process. At this time Colorado has not decided whether it wants to accept the Medicaid expansion offered by the Federal law as it would have to pick up the cost in the upcoming years. However, for the first 3 years the Medicaid expansion is 100% federally supported. [3] These subsidies would be available to everyone up to 400% of the federal poverty line.

Many Colorado organizations have already been granted millions of federal funds from the 2010 Health Care legislation. For example, Denver Health received 20 million in June 2012 to coordinate high risk cases and integrate mental health and other care

Health Care Co-Ops, also a feature of the 2010 Federal Health Care Bill were considered and one related to rural and agricultural regions received grant monies to develop a Coop in Colorado. An effort to create and fund a Colorado state wide Health Care Cooperative, Senate Bill 11-168 was sponsored by Senator Irene Aguilar in 2011, with senate support, but it did not have the votes in Colorado House to pass. Continued efforts to create this cost effective, voter approved and run plan is in the works to be presented to Colorado voters.

Health Care for All Colorado (HCAC) has written a proposal for universal health care (Everybody IN, Nobody OUT) financed by a public single-payer system. This provides cost savings by reform of health care financing with little change from the current delivery system. . Both would be more cost effective than the Health Exchange that is run by Health Insurance Companies that retain approximately 30% of the tax payer's monies as "administrative cost." This initiative will undoubtedly be strongly opposed by the Insurance and Pharmaceutical companies. Colorado analysts estimate that when the Health Care Exchange is fully implemented, it will cover 500,000 of the 750,000 Coloradans that are without health care. That leaves 250,000 Citizens without health care. And, at what a cost to the consumer.[4]

Mikail Farrin is a Colorado Senior Lobby Board Member.

[2] *http://www.getcoveredco.org/Resources/Board-Meeting-Activities*

[3] *http://www.denverpost.com/news/ci_20968484/full-speed-ahead-colorado-health-insurance-expansion*

[4] *http://www.denverpost.com/news/ci_20968484/full-speed-ahead-colorado-health-insurance- expansion*

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