Written Testimony of

Rebecca Weber, CPCU

Chief Executive Officer
Association of Mature American Citizens (AMAC)

Amac®
Association of Mature American Citizens
Better for You. Better for America.

Submitted to the
Senate Special Committee on Aging

Hearing on
Issues Facing Seniors: Retirement Security, Healthcare, & Fiscal Health

The Villages, FL
November 21, 2022

Thank you, Senator Scott, for inviting the Association of Mature American Citizens (AMAC) to speak today on this critical topic. My name is Rebecca Weber, and I am proud to serve as AMAC's Chief Executive Officer representing over 2 million members. We are an organization dedicated to helping all Americans, especially those over age 50 and we accomplish this through three separate entities:

- AMAC, the umbrella member benefits organization that organizes discounts and other benefits available to our members including our growing resources of news and information available on our website, mobile app, and magazine, which is delivered to 1.7 million households nationwide,

- AMAC Action, our advocacy arm focusing on improving public policy in our nation's capital and in state governments, and

- The AMAC Foundation, a 501(c)3 educational foundation that helps educate seniors on a variety of topics through free-to-read publications and operating a hotline for Social Security and Medicare questions.

AMAC is centered on American values: freedom of the individual, freedom of speech, the free exercise of religion, equality of opportunity, the sanctity of life, the rule of law, and love of family. Because of AMAC's steadfast commitment to American values, I feel compelled to use today's testimony to show how no other administration in the last 50 years has done as much damage to seniors and their longevity, prosperity, and legacy as the Biden Administration and I want offer ideas on how to fix the damage that has been done. As an organization whose goal is to help seniors thrive in their retirement and protect this nation for the next generation, the actions of this administration are genuinely shocking.

AMAC was founded 15 years ago in 2007 by my parents, Dan and Judy Weber, to provide an organization that truly represents the interests and priorities of mature Americans. Today, our membership has grown to over 2 million Americans, with more members joining every week. Through AMAC Action, our members have become a grassroots army with many members developing close relationships with their Senators, Representatives, and state legislators. This grassroots army forms the core of our member-driven organization; our members inform us of what issues are important to pursue. On the advocacy side, this approach results in legislators on Capitol Hill and leaders in the administration hearing directly from seniors on issues that are important to them. There is no filtering, no application of corporate influence, and no board-directed posturing in the setting of our priorities. Since January 20, 2021, our members have focused on the shortcomings of the Biden Administration that are impacting their everyday lives.

Because of our members' strong interest in advocacy, today's hearing is especially relevant. The last two years have hurt seniors through increased inflation, decreased buying power, increased Medicare premiums, and the threat of benefit cuts to Social Security if nothing is done to stop insolvency. It is shameful to hear the President of the United States claim that "the economy is strong as hell" when for millions of seniors,[1] it is anything but. So far, under the direction of President Biden and Congressional Democrats, we have seen two straight quarters

[1] Bloomberg, *Biden Brushes Off Risks of Strong Dollar on Global Economy,* Oct. 15, 2022, https://www.bloomberg.com/news/articles/2022-10-15/biden-says-us-dollar-s-strength-isn-t-concerning-for-him

of economic contraction,[2] the lowest workforce participation rate since 1976,[3] the highest inflation rate since 1982,[4] and the worst year for the stock market since the Great Recession in 2008.[5] All these issues are bad for all Americans, but I want to highlight why they are terrible for seniors.

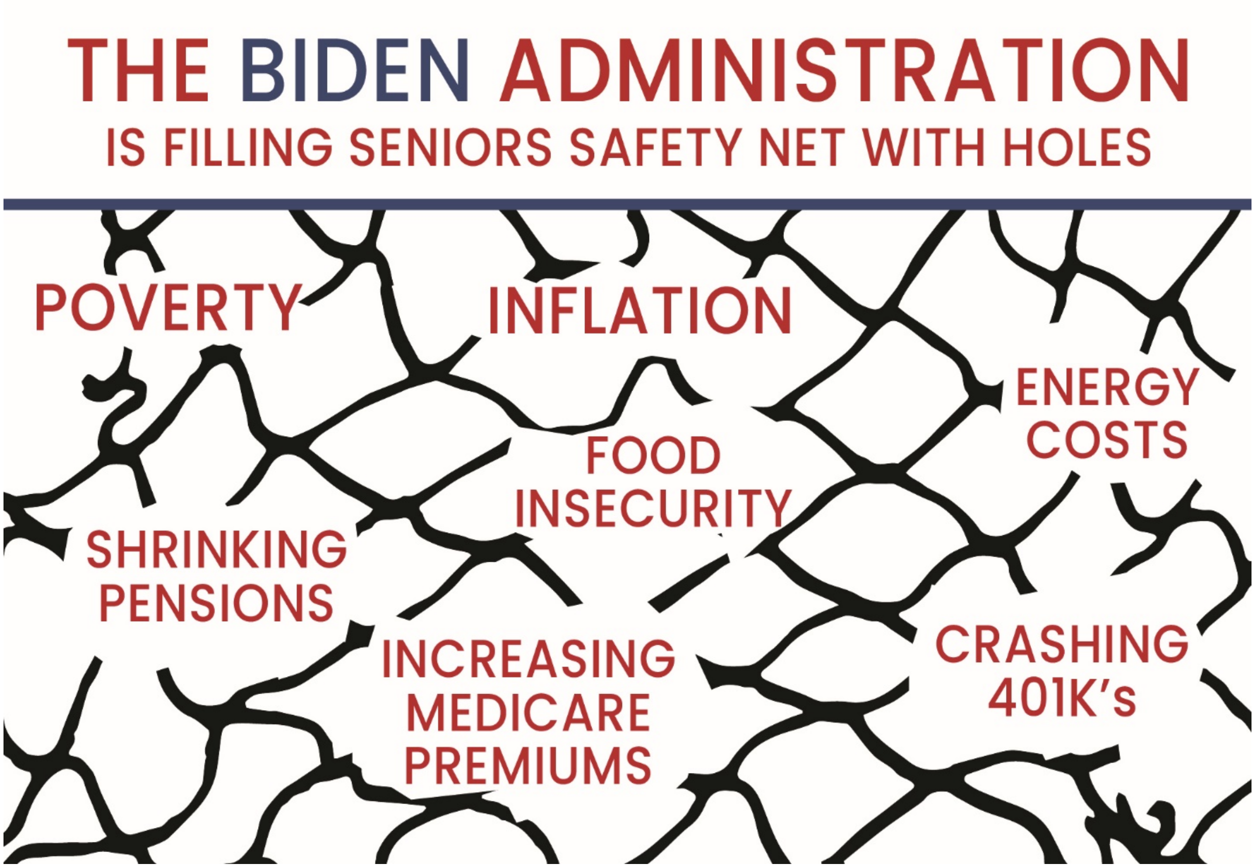

Figure 1: The Biden Administration is destroying seniors' safety net

[2] CNN Business, *Latest GDP reading confirms the US economy shrank for two straight quarters, supporting one definition of a recession*, Aug. 25, 2022, https://www.cnn.com/2022/09/29/business/us-gdp-q2-final

[3] U.S. Bureau of Labor Statistics, *Labor force projections to 2022: the labor force participation rate continues to fall*, December 2013, https://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm#_edn1

[4] NPR, Inflation Hits Another 40-year High, but Older Folks Say They've Seen Worse, Feb. 10, 2022, https://www.npr.org/2022/02/10/1079260860/january-inflation-consumer-prices-cpi-economy-federal-reserve

[5] CNN Business, *Biden's stock market record so far is the second worst since Jimmy Carter*, Nov. 8, 2022, https://www.cnn.com/2022/11/07/investing/stock-market-biden

The Biden Administration is destroying seniors' safety net

Seniors live on fixed incomes: a combination of retirement savings, worker pensions, and Social Security. This limited income and federal healthcare programs like Medicare and Medicaid create a seniors' safety net that ensures their quality of life in retirement. The increasing costs due to Biden Administration policies have made holes in this safety net which is hurting seniors. Last year, the number of seniors living in poverty increased by nearly one million;[6] more than 10 percent of seniors are now living below the poverty line.[7]

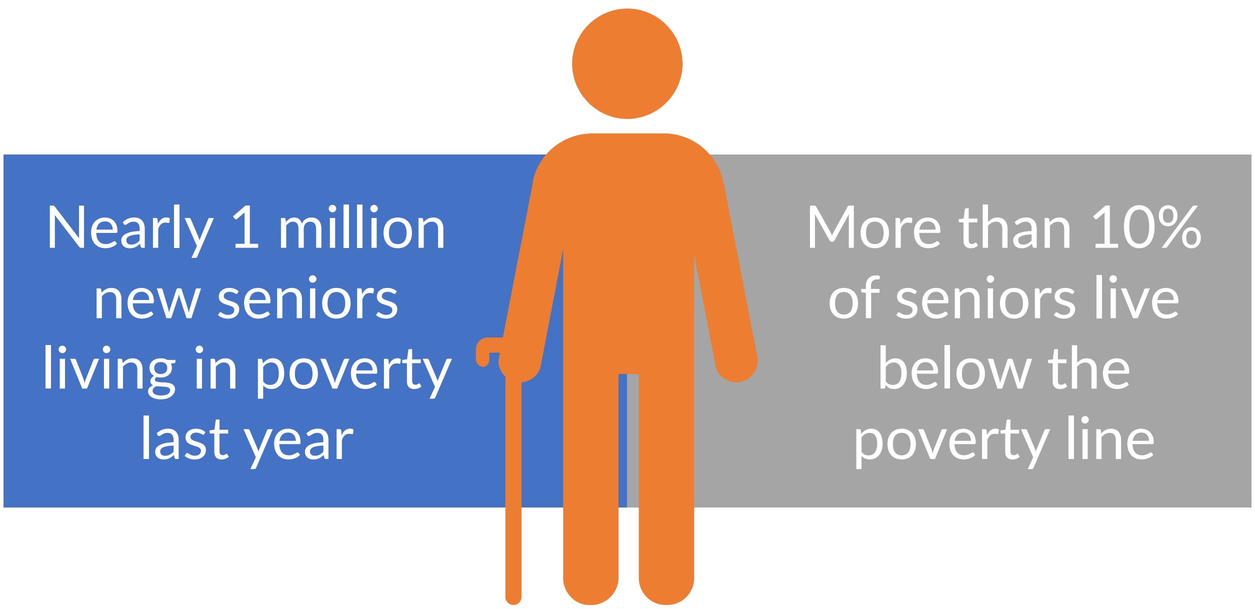

Figure 2: Rising costs are moving more seniors into poverty

As continued high inflation costs the average American family more than $3,500,[8] the number of seniors living in poverty will rise in 2022 under Biden and Congressional Democrats. The increased costs due to inflation also affect the food security of seniors, with food prices up

---

[6] US Census Bureau, *Poverty in the United States: 2021,* September 2022, https://www.census.gov/content/dam/Census/library/publications/2022/demo/p60-277.pdf#page=29

[7] US Census Bureau, *Poverty Rate for Children Higher Than National Rate, Lower for Older Populations*, Oct. 4, 2022, https://www.census.gov/library/stories/2022/10/poverty-rate-varies-by-age-groups.html

[8] Penn Wharton University of Pennsylvania Budget Model, *Impact of Inflation by Household Income,* Dec. 15, 2021, https://budgetmodel.wharton.upenn.edu/issues/2021/12/15/consumption-under-inflation-costs

12 percent since last year; nearly half of seniors have reported visiting a food pantry or applying for food stamps to afford to eat.[9] It isn't just the recent spikes in food prices hurting seniors; electricity is up 14 percent, gasoline is up 18 percent, and natural gas is up 20 percent.[10] For seniors, these increasing costs are only one-half of the livability equation, the other side is savings, and the Biden Administration's record is just as bad for retirement savings.

Under the Biden Administration, the average 401k retirement account has lost $34,000, a 25 percent decrease in just one year.[11] Additionally, public pensions have lost tens of billions in value,[12] putting thousands of retirees and soon-to-be retirees in trouble of having enough retirement income to last through their golden years. For seniors without decent retirement income, Social Security benefits become even more critical; unfortunately, inaction by our elected officials is putting those benefits at risk by doing nothing to fix the impending insolvency of the Social Security Trust Fund.

Social Security

The Social Security Board of Trustees projects that the program's financial reserves—the combined OASDI trust fund–will be fully depleted by 2035,[13] while the Congressional Budget

[9] Fox Business, Seniors Turn to Food Assistance Programs Amid Soaring Inflation, April 27, 2022, https://www.foxbusiness.com/economy/seniors-turn-food-assistance-programs-amid-soaring-inflation
[10] Bureau of Labor Statistics, *Consumer Price Index – October 2022*, Nov. 10, 2022, https://www.bls.gov/news.release/pdf/cpi.pdf https://www.bls.gov/news.release/pdf/cpi.pdf
[11] New York Post, *Average American is Losing $34K and everything else on Biden's Watch*, Oct. 16, 2022, https://nypost.com/2022/10/16/average-american-is-losing-34k-and-everything-else-on-bidens-watch/
[12] Politico, *Public Pensions Feel Wall Street Hit*, July 6, 2022, https://www.politico.com/newsletters/weekly-shift/2022/07/06/public-pensions-feel-wall-street-hit-00044171
[13] Social Security Administration, *Social Security 2022 Trustees Report*, June 2, 2022, https://www.ssa.gov/OACT/TR/2022/

Office[14] suggests 2032 as the depletion date. These projections were made before the 2023 cost-of-living adjustment was announced at 8.7 percent.[15] This abnormally high cost-of-living adjustment came on the heels of 40-year high inflation and will make it likely that these insolvency projections would be moved forward at least a year.

Reaching the point of total depletion would mean an across-the-board cut in benefits of 20[16] to 25[17] percent for all seniors drawing Social Security benefits. As more seniors join Social Security and fewer Americans participate in the workforce, this cut in expected benefits will increase to 30 percent by 2051.[18] Let me be clear, this massive cut in benefits is the status quo, there is no policy in law today that keeps benefits at their expected levels, and any belief that the program can continue without systematic changes to protect those who need the program is a myth. Democrat politicians have decried reform provisions to avoid this catastrophic outcome as

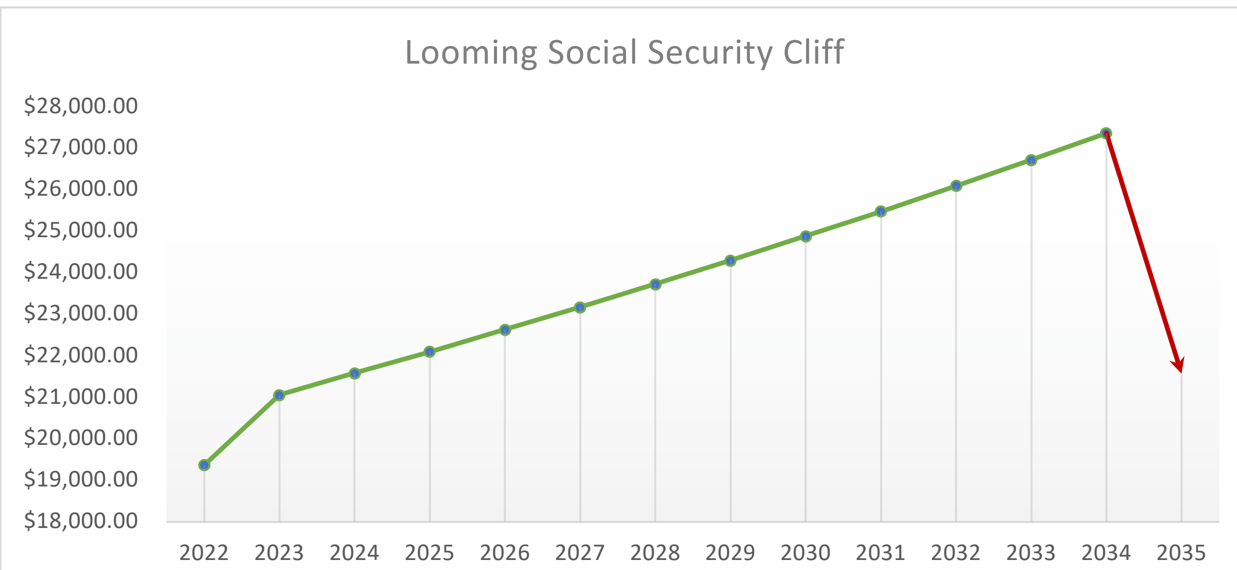

Figure 3: Current law will see the average senior lose over a decade of benefit increases due to insolvency

[14] Congressional Budget Office, *The 2021 Long Term Budget Outlook,* March 2021, https://www.cbo.gov/system/files/2021-03/56977-LTBO-2021.pdf
[15] Social Security Administration, *Cost of Living Adjustment (COLA) Information*, 2022, https://www.ssa.gov/cola
[16] Social Security Administration (n 13)
[17] Congressional Budget Office (n 14)
[18] Ibid

slashing popular programs—a lie clearly intended to deceive the public from the truth of the situation and keep their party in power.

Today's retirees are part of the generation that helped grow the size of the middle class; they made success the default reality for the vast majority of Americans, not an abstract concept out of reach for millions in today's workforce who are forever hindered by progressive policies. Doing nothing to guarantee Social Security for current and future generations will betray the hard work of millions of retirees—workers who have earned the benefits promised via the Social Security compact—and should prove politically deadly for any elected official who refuses to find bipartisan solutions for the future of Social Security.

Sadly, this Administration's policy continues to be neglectful, leaving future policymakers to find a solution when only one realistic option is available: raise employment taxes to compensate for the shortfall. While raising taxes in the abstract, especially on the wealthy, has been on the agenda for Congressional Democrats and the President, the revenues from employment taxes would need to rise by 26 percent,[19] the most significant tax increase on wages since the creation of FICA taxes during World War II.

AMAC has been warning Congress about the impending cut to benefits for more than a decade, and we are proud to have developed allies with many Republicans who are willing to find a solution to the problem instead of playing political games with one of the most essential programs operated by the federal government. AMAC's Social Security Guarantee[20] is our

[19] Committee for a Responsible Federal Budget, *Analysis of the 2022 Social Security Trustees' Report,* June 2, 2022, https://www.crfb.org/papers/analysis-2022-social-security-trustees-report

[20] See Addendum 1 for full Social Security Guarantee details

proposal to ensure the program's long-term solvency while also returning the program to its original intent: to keep seniors out of poverty. The Social Security Guarantee is based on three core principles:

- Increase benefits for those with lower incomes
- Achieve Social Security Trust Fund solvency
- Provide a means for all earners to have more income available at retirement

We look forward to working with Congress next year to continue pushing reforms to save Social Security and the economy from uncontrolled tax increases pushed by President Biden and Democrats. However, Social Security is only one of the federal safety net programs that require reform.

Medicare

The rising healthcare costs, created in part by the refusal of Democrats to support free-market reforms for the healthcare industry, are making the long-term sustainability of Medicare unattainable. Just last year, the Biden Administration announced the largest increase in Medicare Part B premiums in program history; premiums went from $148.50 to $170.10 per month, a 14.5% increase from the previous year.[21] Unfortunately, this massive increase on seniors was not only historic, but unnecessary. Just a few weeks ago, the President was forced to announce a decrease in premiums to make up for the mistake. While the White House was quick to try and

[21] FactCheck.org, *Bidens Misleading Boast on Medicare Premium Drop*, Sept. 29, 2022, https://www.factcheck.org/2022/09/bidens-misleading-boast-on-medicare-premium-drop/

claim a win, the real reason for this decrease was that the Centers for Medicare and Medicaid Services failed to predict the prices paid for seniors' healthcare correctly.

Democrats have recently doubled down on refusing to use the free market to solve rising healthcare costs by implementing prescription drug price-fixing through the Inflation Reduction Act (IRA).[22] This price-fixing results from provisions of the IRA that enable the Secretary of Health and Human Services (HHS) to dictate the price for a limited number of drugs for Medicare Part B and Part D. While estimates suggest that price setting by HHS will reduce Medicare Part D outpatient drug program spending by 45 percent by 2031, the U.S. market provides around 75 percent of the global returns on drug innovation. This government price-setting will reduce capital available to fuel the U.S. engine that drives research and development.[23] If a drug manufacturer chooses not to participate in the "negotiation process" with HHS, then the federal government will tax the company at 65 percent of the previous year's sale of the drug, with a concurrent increase of 10 percent per quarter up to 95 percent.[24] It is reasonable to expect that the IRA's impact on future pharmaceutical research and development will be nearly identical to previous Democrat drug price control proposals. This means fewer lifesaving branded drugs are coming to market, reducing Americans' average life expectancy. We've already witnessed evidence of this expectation as the drug manufacturer, Alnylam, announced that it would

[22] Public Law no. 117-169

[23] RealClear Health, *The Drug Provisions of the Inflation Reduction Act are Far from Harmless*, Sept. 12, 2022, https://www.realclearhealth.com/articles/2022/09/12/the_drug_provisions_of_the_inflation_reduction_act_are_far_from_harmless___111402.html

[24] National Law Review, *Inflation Reduction Act of 2022: Medicare Drug Pricing Provisions Will Change the Health Care Industry*, Aug. 16, 2022, https://www.natlawreview.com/article/inflation-reduction-act-2022-medicare-drug-pricing-provisions-will-change-health

suspend the development of a therapy for an eye disorder as it "evaluates the impact of the Inflation Reduction Act" on the treatment of rare diseases.[25]

Furthermore, approximately 50 million Medicare beneficiaries are enrolled in the Part D Medicare benefit. They have enjoyed costs consistently below projections, a large availability of options from an average of 57 plans, and a more than 80 percent satisfaction rate.[26] There is no need for the Biden Administration to tamper with this market-based, public-private partnership that has delivered quantifiable successes year-over-year.

Medicaid

For low-income seniors, especially the more than 10 percent of seniors currently living in poverty, the Medicaid program becomes a lifeline in addition to the Medicare program. Unfortunately for many practitioners, the Medicaid program is poorly designed and adds unnecessary overhead to their practices. When practitioners choose not to participate in the Medicaid program, it becomes harder for seniors to find doctors to see them. This problem also affects the thousands of Americans under age 65 on Medicaid. In recent years, AMAC has developed a free-market solution to increase access to quality healthcare for Medicaid and CHIP-eligible Americans that is projected to save the Medicaid program billions of dollars, called the Helping Everyone Access Long Term Healthcare Act or the HEALTH Act.[27] AMAC partnered with Free2Care, a coalition of doctor and patient advocates, to urge Congress to pass the HEALTH Act.

[25] Wall Street Journal, *The Inflation Reduction Act is Already Killing Potential Cures*, Nov. 3, 2022, https://www.wsj.com/articles/the-inflation-reduction-act-killing-potential-cures-pharmaceutical-companies-treatment-patients-drugs-prescriptions-ira-manufacturers-11667508291

[26] National Review, *Say it Ain't So Joe*, July, 19, 2022 https://www.nationalreview.com/2022/07/say-it-aint-so-joe/

[27] See Addendum 2 for more details on the HEALTH Act

Physicians support this legislation because it allows them to take a simple tax deduction for providing pro-bono health care services to low-income patients instead of going through the burdensome Medicaid reimbursement process for often minimal remuneration. The HEALTH Act allows physicians to practice charity care in their own offices, permitting them to focus on treating patients and not on filing paperwork. Simple, common-sense reforms to Medicaid, like the HEALTH Act, can save the program billions of dollars and make it much better for seniors and all Americans in need of its services.

Seniors have been targeted for voter intimidation and coercion

Many of America's senior citizens responsible for securing the freedoms we enjoy today are at particular risk for voter fraud. Age-related circumstances, including transportation issues, technology progressions, and mobility challenges, make it difficult for seniors to vote in person or via absentee ballots. This makes them especially vulnerable to fraudsters across America targeting nursing homes, assisted living facilities, and other senior residential facilities under the guise of "helping" seniors to vote. The need to protect the integrity of seniors' votes is palpable as an investigation into the 2020 election in Wisconsin found that "rampant fraud and abuse occurred statewide" in nursing homes and other residential care facilities.[28] Additionally, a social worker in Texas was charged with 134 counts of election fraud after she "allegedly acted to register nursing home residents, many of whom were mentally incapacitated, to vote

[28] Wisconsin.gov, Office of the Special Counsel, *Second Interim Investigative Report On the Apparatus & Procedures of the Wisconsin Elections System*, March 1, 2022, https://legis.wisconsin.gov/assembly/22/brandtjen/media/1552/osc-second-interim-report.pdf

in the 2020 election."[29] Further evidence of the vulnerability of senior voters was noted this year in Detroit, Michigan, where a nursing home employee received jail time "for making false statements in absentee ballot applications after she forged signatures for residents of the facility she worked at" according to the state attorney general's office.[30] The American Constitutional Rights Union (ACRU) – with whom we have recently established a collaborative relationship to work on protecting vulnerable voters – has "received reports of cognitively impaired facility residents having their ballot choices made by staff. Other complaints have uncovered activist groups across the country collecting ballots from residential facilities with the promise that the ballots would be delivered to election officials."[31] This abuse is disgusting and criminal and we are pleased to join with the ACRU and fight it in the states. In this connection, we commend your state of Florida for the aggressive actions it is taking to protect vulnerable seniors from criminal fraud and abuse.

The Biden Administration has failed veterans

AMAC has a strong interest in enhancing the lives of our nation's veterans and their families. Nearly a third of AMAC's more than 2 million members have served, and roughly three-quarters of our members have a veteran in their immediate family. Our organization maintains regular, productive contact with various veteran organizations, as evidenced by our Foundation

[29] Western Journal, *Social Worker Charged with 134 Felony Counts of Election Fraud*, Nov. 16, 2022, https://www.westernjournal.com/social-worker-charged-134-felony-counts-election-fraud/
[30] Detroit News, Michigan Nursing Home Worker gets Jail Time for Voter Fraud, Feb. 25, 2022, https://www.detroitnews.com/story/news/local/michigan/2022/02/25/michigan-nursing-home-worker-gets-jail-time-voter-fraud/6946377001/
[31] Association of Mature American Citizens, *The Association of Mature American Citizens and The American Constitutional Rights Union Join Forces to Protect Senior Voters*, Oct. 20, 2022, https://amac.us/the-association-of-mature-american-citizens-and-the-american-constitutional-rights-union-join-forces-to-protect-senior-voters/

Veteran Outreach Program, through which we collaborate with the veteran community on issues of importance to them. A crucial part of this initiative is AMAC's work as an intermediary between Congress and the veteran community through identifying priorities and evaluating legislative and policy issues considering their impact on this community.

We must closely watch the Veterans Administration's (VA) actions and ensure they are doing their best to protect those who sacrificed for us. While many Americans see the recent impact of the wars in Afghanistan and Iraq, the VA still works with older veterans; in fact, the mean age of veterans seeking healthcare from the VA is 62 years old.[32] This means many senior veterans were negatively impacted by the VA's move to close veteran health facilities and reduce in-patient services. This includes decreasing services for veterans with post-traumatic stress (PTS) and substance abuse issues. These reductions in support systems for veterans with PTS and substance abuse, along with less doctor observation due to cuts in in-patient care, are risk factors associated with increased veteran suicides, especially in older populations.[33] The Biden Administration must be held accountable when poor decisions like decreasing access to veteran healthcare are proposed.

Conclusion

The previous two years have shown true ineptitude on behalf of the Biden Administration in dealing with the needs of seniors. The failure to protect the senior safety net, the inability to

[32] National Library of Medicine, *U.S. Veterans Who Do and Do Not Utilize VA Healthcare Services: Demographic, Military, Medical, and Psychosocial Characteristics*, Jan. 17, 2019, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6352911

[33] Lambert, M.T., Fowler, D.R. Suicide risk factors among veterans: Risk management in the changing culture of the department of veterans affairs. *The Journal of Mental Health Administration* 24, 350–358 (1997). https://link.springer.com/article/10.1007/BF02832668

protect the long-term integrity of the Social Security program, the hopeless attempts to slow the rising costs of healthcare, the refusal to safeguard seniors voting rights, and the continued failure to protect our veterans are proof that the Biden Administration has failed America. It is not hyperbole to say the damage done to seniors' longevity, prosperity, and legacy by the Biden Administration is the worst in the last 50 years.

Senator Scott, thank you for hosting this hearing. I hope you can continue to shine a light on the failures of the Biden Administration and that the new Republican majority in the House of Representatives can conduct additional oversight to protect seniors.

Addendum 1

Social Security Guarantee

The Combined Social Security Guarantee and Social Security Plus Initiative

The promise to guarantee Social Security for all Americans must be kept. AMAC has examined the many proposed solutions presented in the Intermediate Assumptions portion of recent Trustees Reports and selected the alternatives we feel are best suited to save Social Security's retirement trust fund. We have combined these selected assumptions with several other recommendations to achieve what is the best path to long-term trust fund solvency without raising taxes.

Amac®

Association of Mature American Citizens

Better for You. Better for America.

5 Orville Drive, Suite 400 • Bohemia, NY 11716
888-262-2006 | amac.us

Amac

Association of Mature American Citizens

Better for You. Better for America.

AMAC's proposal has ***three*** Prime Directives:

1. ***Guarantee an annual increase in benefits for all, with emphasis on those with lower earnings***
2. ***Guarantee achieving solvency and ensure benefits continue***
3. ***Provide a means for all earners to have more income available at retirement through a complementary or supplemental Social Security Plus account.***

I. GUARANTEE AN ANNUAL INCREASE IN BENEFITS FOR ALL, WITH EMPHASIS ON THOSE WITH LOWER EARNINGS

OPTION 1: Implement a tiered approach to the calculation of Cost-of-Living Adjustments (COLA) as follows:

1. For beneficiaries with a household income (Modified Adjusted Gross Income) level less than 150 percent of the federal poverty threshold (fpt), set an annual COLA range of 3 percent minimum – 4 percent maximum.

(Note: For purpose of illustration, the 2020 fpt in the continental U.S. for one-person households is $12,760, with an additional $4,480 per household member. Thus, for a two-person household, the 150% fpt limit would be $25,860. In Hawaii and Alaska, the fpt differ (Hawaii +15%, Alaska +25%) as does the per family-member multiple (Alaska $5600, Hawaii $5150)

2. For beneficiaries with a household income (MAGI) between 150 percent and 300 percent of fpt ($25,860 - $51,720 for two-person households in the continental U.S.) set an annual COLA range of 1.5 percent minimum and 3 percent maximum.

3. For beneficiaries with a household income (MAGI) exceeding 300 percent of federal poverty threshold ($51,720 for two-person households in the continental U.S.), set an annual COLA range of .5 percent minimum and 1.5 percent maximum.

OPTION 2: Implement an across the board Cost-of-Living Adjustment (COLA) that is the same dollar amount for all beneficiaries as follows:

Soc Sec Benefit	3.0% COLA to all	Same dollar amount to all	Difference
$1,000	$30.00	$46.65	$16.65
$1,250	$37.50	$46.65	$9.15
$1,555	$46.65	$46.65	$0.00
$2,200	$66.00	$46.65	-$19.35
$3,895	$116.85	$46.65	-$70.20

Amac
Association of Mature American Citizens
Better for You. Better for America.

Note: In 2009, 2010, and 2015, the COLA calculation did not yield a positive COLA adjustment for the following year, despite the fact that expenses most common to seniors (e.g., food, insurance, medical treatment, prescription drugs, etc.) continued to rise sharply. Under either COLA approach, all retirees will receive an increase each year with low income seniors guaranteed a larger percentage.

II. GUARANTEE ACHIEVING SOCIAL SECURITY RETIREMENT TRUST FUND SOLVENCY

1. Adjust the full retirement age (FRA) as follows:

- Early retirement age should remain at 62. The percentage of benefit reduction for early retirement would remain as determined by the Social Security Administration (e.g., with the change in full retirement range noted below, a reduction of up to 45%, depending on actual retirement age).
- After the full retirement age (FRA) reaches 67 for those attaining age 62 in 2022, increase the FRA by 3 months per year until the FRA reaches age 70 for those attaining age 62 in 2034. With longevity norms in effect currently, age 70 is reflective of what is becoming the normal work life span.
- Thereafter, increase the FRA in a manner that will keep the ratio of (life expectancy at FRA)/(FRA-20) constant. This is likely to result in an expected increase in the FRA of 1 month every 2 years. Additionally, increase the age up to which delayed retirement credits may be earned, on the same schedule (3 years past the FRA).

(Source: 7/13/2016 Office of the Chief Actuary letter to Rep. Ribble, H.R. 5747 sponsor)

2. Adjust the Delayed Retirement Credit benefit to match the penalty for early retirement.

- A **"delayed retirement credit"** (DRC) is an increase in the monthly benefit amount due a retirement beneficiary or his or her widow(er) for each month beginning with full retirement age (FRA) that a benefit is due but not paid. Adjusting the DRC calculation as addressed in the AMAC Social Security Guarantee creates alignment of the DRC with current economic reality.
- Under the AMAC Social Security Guarantee, the delayed retirement benefit is set to 5/9 of one percent for each month after full retirement age, up to 36 months. This change matches the formula for benefit reductions associated with retirement before FRA. Annualized, this will reduce the DRC value from its present 8% annually to 6.67%.
- The maximum age to collect delayed retirement benefit is moved back when the delay in full retirement age surpasses 67. The maximum age will equal the full retirement age plus 36 months.

3. Change the level of payments for future retirees starting in 2022

- **Adjust the Primary Insurance Amount (PIA)**, keeping lower income earner benefits the same and lowering benefits for higher income earners.
  - **Adopt Progressive price indexing (50th percentile) of PIA factors beginning with individuals newly eligible for OASDI benefits in 2023:**

- o Create a new bend point at the 50th percentile of the AIME distribution of newly retired workers. Maintain current-law benefits for earners at the 50th percentile and below.
- o Reduce the 32 and 15 percent factors above the 50th percentile such that the initial benefit for a worker with AIME equal to the taxable maximum grows by inflation rather than the growth in the SSA average wage index. (Source: Level of Monthly Benefits Summary [2016 Trustees Report intermediate assumptions], item B1.4)

  - **For the OASI and DI computation of the PIA,** gradually reduce the maximum number of drop-out years from 5 to 0, phased in over the years 2022-2030. (Source: Level of Monthly Benefits Summary [2016 Trustees Report intermediate assumptions], item B4.3)

- **Bipartisan Policy Center's Commission on Retirement Security and Personal Savings Plan**

  - Enhanced Survivors Benefits: Beginning for newly eligible retired workers and spouses in 2022, all claimants who are married would receive a specified joint-and-survivor annuity benefit (i.e., surviving spouses would receive 75 percent of the decedents' benefits, in addition to their own) that would be payable if both were still alive. Initial benefits would be actuarially adjusted to keep the expected value of benefits equivalent to what would otherwise be current law (i.e., with the other provisions of this package incorporated).

(Note: Under this calculation, surviving spouses would receive a significantly higher benefit) (Source: Table A, 6/9/2016 Office of the Chief Actuary letter to Messrs. Conrad and Lockhart, Co-Chairs)

4. Divert already existing retirement penalty taxes from general funds to the Old-Age and Survivors Insurance (OASI) trust fund:

- All revenue from the following taxes will be deposited in the OASI trust fund:

  a. Early withdrawal from 401k or IRA penalty: 10%

  b. Over contribution to IRA: 6% of excess contribution for as long as it is in the IRA

5. Replace the Windfall Elimination Provision (WEP) with a new formula for government employees:

- The WEP reduces Social Security benefits for a worker who receives a public pension. This is problematic for public service employees who work another job on the side, or for individuals who want to transition into a public service profession such as teaching. Both would receive reduced benefits even though they have already contributed money into the system. Educators, police officers, and firefighters should not be in the position for weaker benefits after they have already contributed to the Social Security fund for many years.
- The AMAC Social Security Guarantee would implement the changes proposed in H.R. 3934, the Equal Treatment of Public Servants Act of 2019.

The AMAC Social Security Guarantee prototype plan combines the provisions shown above and includes the addition of a new benefit (described below) that we believe Social Security must include if it is to help and encourage workers to secure a sufficient retirement.

III. PROVIDE A MEANS FOR ALL EARNERS TO HAVE MORE INCOME AVAILABLE AT RETIREMENT

The "Social Security Plus" account will be a supplemental voluntary companion benefit retirement account to provide access to additional funds for all workers at age 62.

- Voluntary account for both employee and employer
- **The individual is the owner of this supplemental retirement savings account**
- Tax deduction for employer, after-tax for employee with income sheltered
- Employee not taxed on receiving funds (similar to a Roth IRA)
- Paid via payroll deduction, employer provides the contribution slot to employee
- After the Social Security Plus ("SSP") account becomes available, employer must offer to all employees (full and part-time)
- When new employees are hired, they must opt out of the SSP account or they will be enrolled at $10/week. The weekly minimum is $5, the weekly maximum is $100 or $5,200/year
- Employer may elect to contribute to employees' SSP account in any amount or percentage of pay they choose up to $50 per week ($2,600 per year)
- The employer may start or stop their contribution at any time
- Portability, if wage earner changes jobs, new employer must add payroll access for the SSP
- Funds only available to wage earner at age 62 or because of death or total disability
- Wage earner may elect to start receiving payouts at any age between 62 and 3 ½ years after FRA
- Death benefit is the accrued value of account at time of death
- SSP account benefits, including earnings, are tax-free
- Contribution is indexed for inflation at 4%

Investment options for the Social Security Plus savings account

- 80% of the funds must be invested in stock funds
- The other 20% may be invested in any approved conservative investment (i.e. S & P 500 index)
- A volunteer board of investment experts creates lists of approved investments to assure quality
- Investment choices would be similar to those used in 401k plans and IRAs and the cost of administration would be borne by the same providers who offer those plans, not the federal government

Why a new Social Security Plus early retirement savings account?

Fifty million Americans have no retirement plan, and the average person receiving retirement benefits collects slightly more than $16,000 per year. Accordingly, the majority of retired workers rely on Social Security as the largest portion of their retirement income. For many Americans, Social Security is their only source of income. There is an urgent need to help workers save more for retirement.

Amac®
Association of Mature American Citizens
Better for You. Better for America.

Example: Turn $25/week into $1 million at age 65

Assumptions:	A 23-year-old employee contributing only $25/week in the first year and an employer contributing $15/week, with both adding 4% annually thereafter, in a mix of 80% stock funds and 20% conservative investments, would accumulate **over $1 million by age 65.** ** Historical average over last 90 years of the Standard & Poor's 500 Index is 9.8%*

Age	Individual Contribution including Growth	Employer Contribution including Growth	Total
23	$1,300	$780	$2,080
30	$15,411	$9,247	$24,657
40	$61,285	$36,771	$98,056
50	$170,012	$102,007	$272,019
60	$415,088	$249,053	$664,141
62	$491,891	$295,135	$787,026
65	$632,016	$379,209	**$1,011,255**

Addendum 2

HEALTH Act

Helping Everyone Access Long Term Healthcare (HEALTH) Act - H.R. 7831

The Helping Everyone Access Long Term Healthcare (HEALTH) Act (H.R. 7831) would encourage more than 1.2 million physicians to provide pro bono health care to low income—"Medicaid eligible"—families and individuals by enabling the physicians to take a simple charitable tax deduction in place of the administratively costly and complex Medicaid and CHIP reimbursement process.

Expanding Access to Health Care for Lower Income Americans

Save Billions Annually on Medicaid and CHIP Expenditures

HUGE SAVINGS POTENTIAL!

Charitable Tax Deduction vs. Medicaid/CHIP Payouts	
Outpatient ER Visits	**95% Savings** *or 1/20 of a Medicaid payout*
Physician Office Visits	**50% Savings** *or 1/2 of a Medicaid payout*
Dental Visits	**21% Savings** *or 1/5 of a Medicaid payout*

Review the rest of the packet for more information.

Sponsored and Presented by

Amac®
Association of Mature American Citizens

Contact

Bob Carlstrom | 202-255-5087 • bcarlstrom@amac.us

Palmer Schoening | 202-787-1399 • palmer@schoeningstrategies.com

Alex Ayers | 515-229-5437 • alex@schoeningstrategies.com

Andy Mangione | 502-794-1150 • amangione@amac.us

OVERVIEW

This bill responds to a critical national need at less governmental cost and will serve:

- To encourage medical care professionals, including physicians, to provide pro bono services for any Medicaid-qualified individual patient to freely offer services to them.
- To increase access to medical care for the poor by enabling indigent individual and family "choice" physician relationships as a genuine alternative institutional care and hospital emergency room costs billed to Medicaid and CHIP.
- To save the Federal and State governments billions of dollars in Medicaid and CHIP payouts net of the cost of the deduction to tax revenue.

THE WINNERS

73 MILLION-PLUS MEDICAID ELIGIBLE PATIENTS! Enables them to develop long standing patient-physician relationships, as opposed to having to rely upon institutional care, such as hospital emergency rooms, for routine non-acute care.

PHYSICIANS! Enables and encourages them to provide direct services to Medicaid and CHIP eligible individuals and avoid the excessive administrative costs of the complex and laborious Medicaid and CHIP reimbursement processes that is causing many physicians to decline Medicaid patients.

FEDERAL AND STATE MEDICAID BUDGETS! Reduces the burden and demand for reimbursements by billions each year by diverting patients from Medicaid and CHIP to physicians and non-hospital clinics.

TAXPAYERS! Avoid increases in their tax burden by providing a more market-based incentive through enabling physicians and clinics to have a simple alternative "reimbursement mechanism"—a tax deduction—to the administratively costly Medicaid processes.

THE TAX CODE PROBLEM

The Internal Revenue Code, even as amended in the recent legislation, does not recognize the value in terms of overall net Medicaid savings to be achieved by enabling physicians to receive a charitable tax deduction for pro bono services provided directly to indigent Medicaid-qualified individuals. It only permits their contribution of pro bono services to charitable services institutions (a 501(c)(3)) to be deductible and not those medical care services provided directly to individuals in their clinics or service offices.

The bill provides the correction and encourages a "market-based solution" in the form of a charitable income tax deduction for cooperating physicians, urgent care centers, and clinics by encouraging them to provide medical care services to those who are not presently covered by insurance and must rely on Medicaid and CHIP. Participating physicians would be able to claim a deduction based upon the value of the service performed, based on either Medicare reimbursement rates or their customary posted fees in the state or county in which they are located.

HERE IS HOW IT WILL WORK – A MEDICAID & CHIP SAVINGS ILLUSTRATION

The Background Facts

73,633,050 individuals were enrolled in Medicaid and CHIP in the 50 states and the District of Columbia reporting May 2018 data. 67,168,933 individuals were enrolled in Medicaid and 6,464,117 individuals were enrolled in CHIP.
(Source: https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights)

32% = Estimated tax deduction rate for charitable medical services under new tax law

Average Medicaid Reimbursement Rates:

- Medical ER services: Medicaid rates are generally equal to Medicare reimbursement rates
    - Hospital ER outpatient visit 2016 price average = $1,917
      (Source: Health Care Cost Institute, "2016 Health Care Cost and Utilization Report)
    - Average ratio of hospital price to Medicare FFS rate = 1.89 or the Medicare FFS rate = 53% of the hospital price
      (Source: CBO, June 26, 2017, "An Analysis of Hospital Prices for Commercial and Medicare Advantage Plans")
    - Hospital ER Medicare reimbursement = 53% of hospital price of $1,917 = $1,016
    - Corresponding Medicaid ER reimbursement approximately the same as Medicare
      (Source: Medicaid and CHIP Payment and Access Commission, April 2017 report of MACPAC to Congress, "Medicaid Hospital Payment: A Comparison across States and to Medicare")
- **Physicians' Office Visits**
    - $106.60 mean Medicaid 45 minute visit charge (Source: Urban Institute, "Medicaid Physician Fees after the ACA Primary Care Fee Bump," Stephen Zuckerman, Laura Skopec, and Marni Epstein, March 2017)
- **Dental Services**
    - The 2013 median (50% percentile) charge for a patient office visit was $254.
      (Source: American Dental Association-Health Policy Institute Research Brief: "The Per-Patient Cost of Dental Care, 2013: A Look Under the Hood," March 2016.)
    - 49.4% of the dental service charge for children (CHIPS) (vs. 80.5% insurance reimbursement rate)
    - 37.2% adults (vs. a 78.6% insurance reimbursement rate)
      (Source: American Dental Association-Health Policy Institute, Research Brief: "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016")

Illustrative Calculations of Annual Savings in Medicaid Expenditures

1. **ER Visits = Up to a 95% Savings**
    - 27.1% of 73.6 million persons visiting ERs = 19.945 million persons visiting
      (Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized individuals…2015")
    - 19.945 million persons x $1,016 charge per visit = **$20.3B in Medicaid/CHIP payout**

- **If only 7 million of the 19.945 million persons visiting the ER went instead one time to a physician at an average $160 office visit rate x 32% tax deduction rate = $50, the cost of the deduction would be $358 million or 1/20 the cost of the Medicaid ER payout of $7.1B for same number, e.g., a $6.6B* in savings.**

2. **Physician / Health Professional Visits & Charges = 50% Savings**
    - 69.1% of 73.6 million persons visiting at least once per year = 50.8 million persons
      (Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized individuals…2015")
    - 50.8 million persons x $106.60 mean Medicaid 45 minute visit charge = **$5.4B Medicaid payout**
      (Source: Urban Institute, "Medicaid Physician Fees after the ACA Primary Care Fee Bump," Stephen Zuckerman, Laura Skopec, and Marni Epstein, March 2017)
    - **If all 50.8 million persons sought physician care at an average $160 office visit rate x 32% tax deduction rate = $50, the cost of the deduction would be less than half or 50% of the Medicaid payout, or $2.8B* in savings.**

3. **Dental Visits and Charges = 21% Savings**
    - 52.5% of the 73.6 million persons with at least 1 visit = 38.6 million persons
      (Source: MACPAC, Section 5, Exhibit 45, "Use of Care Among Non-institutionalized individuals…2015")
    - 38.6 million persons x $254 average cost (teeth cleaning and cavity repair) = $9.8B regular charge
    - $9.8B regular charge x 40% est. average (child and adult) Medicaid reimbursement rate = **$3.9B Medicaid payout**
        - Medicaid average reimbursement rate for child = 49.4%
        - Medicaid average reimbursement rate for adult = 37.2%
          (Source: American Dental Association-Health Policy Institute, Research Brief: "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016")
    - **If all 38.6 million persons went to a dentist taking the charitable deduction of an estimated 32% of the average service fee of $254, the cost of the deduction would amount to $3.1B* or approximately 21% less than a $3.9B Medicaid payout.**

** These figures are for illustrative purposes only and could vary greatly.*

Sources

Congressional Budget Office, June 26, 2017 presentation, "An Analysis of Hospital Prices for Commercial and Medicare Advantage Plans."

US Department of Health and Human Services, Center for Medicare and Medicaid Services (CMS), Center for Medicaid and CHIP Services, "May 2018 Medicaid and CHIP Application, Eligibility Determinations, and Enrollment Report."

Health Care Cost Institute, a Washington, DC-based non-profit, independent, non-partisan research institute dedicated to creating the United States' most comprehensive source of information on health care activity and promoting research on the drivers of escalating health care costs. HCCI's data holdings include claims for over 40 million people covered by employer-sponsored insurance. The "2016 Health Care Cost and Utilization Report" is based on analyses of HCCI's leading commercial claims database representing the under-65, employer-sponsored insurance (ESI) population in the United States.

American Dental Association (ADA) – Health Policy Institute. The ADA is the national professional association of dentists, serving 161,000+ members and its Health Policy Institute is the science and research division of the ADA. The source reports are:

(1) "Medicaid Fee-For-Service Reimbursement Rates for Child and Adult Dental Care Services for all States, 2016"

(2) "The Per-Patient Cost of Dental Care, 2013: A Look Under the Hood," March 2016

The Medicaid and CHIP Payment and Access Commission (MACPAC) is a non-partisan legislative branch agency that provides policy and data analyses and makes recommendations to Congress, the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children's Health Insurance Program (CHIP). The U.S. Comptroller General appoints MACPAC's 17 commissioners. MACPAC serves as an independent source of information on Medicaid and CHIP, publishing issue briefs and data reports throughout the year to support policy analysis and program accountability. The Commission's authorizing statute, 42 U.S.C. 1396, outlines a number of areas for analysis. The sources cited are:

(1) MACStats "Medicaid and CHIP Data Book, Dec. 2017," and

(2) April 2017 report of MACPAC to Congress, "Medicaid Hospital Payment: A Comparison across States and to Medicare"

Urban Institute, a Washington, DC-based 50-year old non-profit research organization, and its report "Medicaid Physician Fees after the ACA Primary Care Fee Bump," Stephen Zuckerman, Laura Skopec, and Marni Epstein, March 2017.