

# FRIDAY ALERT



**Alliance for Retired Americans**

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## **Trustees Reports: Social Security Steady, Medicare Financial Outlook Improved**

The Social Security and Medicare Trustees issued their annual reports on the state of the two programs' finances today. Social Security, according to its Trustees, has a \$2.7 trillion surplus, enough to fully meet the demands of a growing retiree cohort through 2033 – the same as last year. With no action from Congress, it would cover most benefits through 2087. The Trustees report for Medicare noted that its Trust Fund, which covers hospital care, can fully pay benefits through 2026 – two years later than forecast last year. The Medicare trustees report shows reduced cost growth; this is further proof in many experts' eyes that health care reform is working for seniors.

AFL-CIO President **Richard Trumka** and Alliance Executive Director **Edward Coyle** issued a joint statement about the reports. “We must call out those who will try to misuse today’s report as political cover for unwarranted and ill-advised benefit cuts, like switching to the ‘chained CPI’ to calculate Social Security’s annual cost of living increase (COLA),” Mr. Trumka and Mr. Coyle said. To read their full statement, go to <http://tinyurl.com/k6qnk3u>.

## **Immigrants are Helping Medicare’s Solvency**

*Kaiser Health News*, quoting a study in the journal *Health Affairs*, reported on Wednesday that immigrants contribute more to Medicare than they take out. Between 2002 and 2009, immigrants generated a cumulative surplus of \$115 billion for the trust fund, the study found. Most of the surplus contribution came from noncitizens. The immigrants created a net gain primarily because of demographics: There are 6.5 immigrants of working age for every one elderly immigrant, but only 4.7 working-age native citizens for every one retiree. That ratio could change in the future; however, the report notes that the Census Bureau projects that the share of immigrants in the U.S. will increase for the next 18 years.

*Kaiser* reports that the authors added personal views not often found in academic papers of this sort, writing, “...economic concerns — including the worry that immigrants are driving up US health care costs — have often dominated the debate over immigration. Our data offer a new perspective on these economic concerns.” The full *Kaiser* article is available at <http://tinyurl.com/nrxfjko>.

## **UMWA Speaks Out Against Bankruptcy Ruling That Cuts Off Retiree Health Care**

The U.S. Bankruptcy Court of the Eastern District of Missouri has ruled in favor of proposals by Patriot Coal to eliminate its collective bargaining agreements. The United Mine Workers of America (UMWA) has adamantly denounced the ruling and plans to appeal in Federal District Court. Patriot was created by Peabody Energy in 2007 with 43 percent of Peabody’s liabilities but just 11 percent of its assets. Because Patriot was created with insufficient assets to meet its liabilities to retired miners, analysts such as **Bruce Rader**, Professor of Finance at Temple University, have described the company as “designed to fail.” By creating Patriot and allowing it to go bankrupt, Peabody has deprived tens of thousands of workers of the benefits they earned.

Under the Bankruptcy Court's ruling, Patriot will be allowed to cease paying for retiree health care benefits as early as July 1. Responsibility for paying benefits would be handed over to a Voluntary Employee Beneficial Association (VEBA), which will only have guaranteed funding of \$15 million plus a royalty payment of \$0.20 per ton of coal the company produces, which may add approximately \$5 million to the VEBA per year. Current health care costs for these retirees average nearly \$7 million per month.

“What Peabody Coal is doing is absolutely criminal. They are using our nation's bankruptcy laws as a license to steal from the sick and the elderly,” said **Barbara J. Easterling**, President of the Alliance. “You cannot break a promise just because you want to make more money.” Ms. Easterling was arrested earlier this month at a peaceful protest of Peabody's actions in St. Louis.

### **Report Ranks States Based on Measures of Senior Health**

A new report ranks the 50 states based on 34 different measures of senior health. These measures range from the rates of chronic conditions among seniors to the availability of medical care to the rate of seniors living in poverty. Minnesota, which has a high number of home health care workers and a low rate of hunger among seniors, was ranked the best state for senior health. Mississippi, which has a high percentage of seniors living in poverty and a high rate of premature death, was the lowest ranked state. To read a *USA Today* story about the report, go to <http://tinyurl.com/o3aotx6>. To view the report itself, go to <http://tinyurl.com/llkopt4>.

“This report shows a wide range of variability between different areas of the country,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. “While even the highest ranked states still have some challenges to overcome, we hope that this report will present an opportunity for state governments to learn from each other and implement policies that are currently in place in highly ranked states.”

### **Alliance Observes Memorial Day**

On Monday, the Alliance joined with the AFL-CIO Union Veterans Council in observing Memorial Day. The holiday marks a reminder of the importance of Social Security not just for retirees but also for other groups in need of Social Security benefits, including the survivors of the brave military men and women who are killed in action. “Since 1868, this holiday has served as a moment when Americans remember the men and women of the military who lost their lives to preserve our freedom,” said **James Gilbert**, Director of the AFL-CIO Union Veterans Council.

### **Obituary: NARA Member Janice Ayres**

Beloved Nevada Alliance member **Janice Ayres** passed away on Monday. She was 92. Her obituary in the *Nevada Appeal* can be read at <http://tinyurl.com/jvthxam>. A celebration of her life will be held on June 7th at 11:00 a.m. at the Presbyterian Church at 115 N. Division Street in Carson City.

“On behalf of the Nevada Alliance Board of Directors and our members, we extend our deepest sympathies to the Ayres family, the Nevada Rural Counties Retired and Senior Volunteer Program (RSVP) staff, and all seniors for whom Janice fought and assisted,” said **Scotty Watts**, President of the Nevada Alliance. “She was my dear friend and she will always be remembered for her compassion for seniors.”