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Dear Catherine, here is your current AFT Retiree e-news.

February 21, 2007

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#### **AFT ONLINE TOOLS HELP LEADERS ANALYZE RETIREMENT PLAN EXPENSES**

The AFT has developed a set of [resources](#) to help state and local leaders compare the fees of different retirement plans or proposals from vendors in order to help them make informed decisions in what can be a complicated area. In addition to the 403(b)/457 matrix (the numbers refer to common public employee retirement plans), the AFT has produced an accompanying questionnaire, along with a glossary and explanation of key terms, that also can help leaders better analyze plans and expenses. John Abraham of the AFT research department—who helped develop the tools—says that Tom Mooney, a former AFT vice president who died in December, was a big proponent of transparency in retirement plan fees and supported the AFT's work in this area.

#### **GENERICS ACCOUNT FOR 61 PERCENT OF MEDICARE PRESCRIPTIONS**

Generic medications, rather than brand-name medications, account for almost two-thirds of prescriptions filled for Medicare beneficiaries, a trend that has helped reduce the estimated cost of the prescription drug benefit, according to data that the Centers for Medicare and Medicaid Services released in early February. According to the data, generic medications accounted for 61 percent of prescriptions filled for Medicare beneficiaries in the third quarter, the third consecutive quarter of growth in the use of such medications. CMS officials said that use of generic medications can help Medicare beneficiaries avoid the "doughnut hole" coverage gap in the prescription drug benefit. Meanwhile, the

National Association of Chain Drug Stores has announced that the use of generic medications among U.S. residents with private health insurance increased to almost 53 percent in 2006, from 48 percent in 2005.

### **MANY ELIGIBLES NOT RECEIVING MEDICARE Rx DRUG BENEFIT SUBSIDIES**

CMS and the Social Security Administration must improve efforts to enroll eligible Medicare beneficiaries in a subsidy program under the prescription drug benefit, Senate Special Committee on Aging Chair Herb Kohl (D-Wis.) said on Jan. 31 at a hearing of the committee. About 600,000 Medicare beneficiaries enrolled in the subsidy program in 2006 must reapply to enroll in 2007, Kohl said. According to a National Council on Aging report released at the hearing, between 3.4 million and 4.4 million Medicare beneficiaries qualify for, but have not enrolled in, the subsidy program. The report also found that about 2.9 million Medicare beneficiaries who have not enrolled in the prescription drug benefit have no other medication coverage.

### **FEW DRUG COMPANY TV COMMERCIALS MENTION RISK**

Pharmaceutical company television advertisements largely use emotion rather than educating consumers about the risks and causes of a condition or other treatment options, according to a study published Jan. 29 in the *Annals of Family Medicine*. Led by Dominick Frosch, a clinical health psychologist at the University of California-Los Angeles, researchers analyzed the content of 38 pharmaceutical ads that aired over 90 hours of evening network television in 2004. The ads represented seven of the 10 top-selling prescription drugs of 2004. The study found that 95 percent of the ads appealed to consumers' emotions. For example, more than 90 percent of the ads portrayed someone as happier after they took the advertised drug. The study also found that 69 percent of ads depicted a person who was unhappy or fearful prior to taking the advertised drug. According to the study, 58 percent of the ads claimed the featured drug was a medical or scientific breakthrough. The study found that 25 percent of ads mentioned risk factors for the condition treated by the drug, and 25 percent mentioned how common or uncommon a particular condition is. According to Frosch, by overstating the benefits, the ads "contribute to people believing they need more drugs than they probably need."

### **AFL-CIO KICKS OFF EFFORT TO RESTORE RIGHT TO JOIN UNIONS**

The AFL-CIO has launched a national advertising campaign to spotlight the plight of thousands of U.S. workers who face overwhelming obstacles when they try to form unions. The campaign coincides with the introduction in Congress of the Employee Free Choice Act, which would restore workers' freedom to form or join unions so they can bargain for better wages and working conditions. The bill was introduced in the House of Representatives on Feb. 6 by Rep. George Miller (D-Calif.); the 232 co-sponsors include a number of Republicans. "Every year, millions of American workers want to form a union but are denied this fundamental right due to employer harassment and intimidation," says AFT president Edward J. McElroy. "The Employee Free Choice Act would remedy this injustice and restore to workers the basic freedom to join a union without fear of retaliation." The act would strengthen penalties for companies that break the law by coercing or intimidating employers; establish a third-party mediation and arbitration process when employers and employees can't agree on a first contract; and enable employees to form a union when a majority chooses to do so in writing. More information is available in a [special section](#) of the AFL-CIO Web site.

### **BUSH HEALTH PLAN WOULD LOWER SOCIAL SECURITY BENEFITS**

According to the *Cleveland Plain Dealer*, President Bush's new health-insurance proposal,

if enacted into law, could reduce Social Security benefits for many Americans, because the deduction would apply not only to income taxes, but also to payroll taxes that go to Social Security. An analysis by the nonpartisan, Washington-based Tax Policy Center predicts that if Bush's plan were to take effect, most of the people who save on payroll taxes would receive smaller Social Security benefits in retirement. Under the plan, the government for the first time would offer a tax deduction for people with private health insurance, whether they buy it on their own or get it from employers. The deduction would be \$7,500 for an individual policy and \$15,000 for a family policy, even if a worker's health plan costs less. However, the Tax Policy Center's research suggests that any savings on payroll taxes would eventually be canceled out by the lower benefits workers get when they retire. The hit would be hardest for low- and middle-income workers, because Social Security's benefit formula gives them a larger return on what they pay into the system. Workers who choose to forgo the deduction would owe taxes on the value of the coverage they get from employers.

### **Rx DRUGS OFTEN REMAIN EFFECTIVE AFTER EXPIRATION DATES**

In December, the *South Florida Sun-Sentinel* examined how medications often remain safe, effective and stable for years after expiration dates established by pharmaceutical companies and approved by the FDA. Pharmaceutical companies establish expiration dates for medications based on the results of studies and guarantee that treatments will remain at least 90 percent effective until those dates. Most medications expire after one or two years. However, the FDA Shelf Life Extension Program, which has studied hundreds of medications for the military since 1985, found that treatments remain effective for an average of five-and-a-half years after expiration. The program also found that 88 percent of medications remain effective for at least one year after expiration, and that some remain effective for as long as 14 years. Some patient advocates maintain that pharmaceutical companies establish earlier expiration dates to increase sales, and some pharmacy specialists have recommended that the FDA or companies study medications over longer periods and possibly establish later dates.

### **NEED TAX HELP? TRY THE AFL-CIO'S ONLINE PREP SERVICE**

Take advantage of this discounted online tax preparation service available through Union Privilege, the benefits arm of the AFL-CIO. You can file your federal return for \$14.95 and both your state and federal returns for a total cost of \$29.90. If your adjusted gross income is below \$29,000, you can file your federal and state returns on line for \$14.95. You won't be billed until you either file electronically or print your return. Visit <http://www.unionplus.org/taxes> to learn more about the service and to use it for filing electronic returns.

### **QUOTE OF NOTE: Medicare for All**

"Medicare for all is the only reform that has a prayer of providing universal coverage while containing costs. [Medicare] is far more efficient than private insurance, with overhead of less than 4 percent, [and because] it is administered by a single public agency, controlling costs would be possible. [All other healthcare proposals] have the same fatal flaw: They offer no workable mechanism to control costs, mainly because they leave the private insurance industry in place. [T]here is little to stop insurers from raising premiums, shrinking benefits or both, and it will take a large and costly bureaucracy to ride herd on all the ways to game this system."

Marcia Angell, former editor in chief  
*New England Journal of Medicine*

*Boston Globe*, Jan. 29, 2007

**WEB SITE OF THE WEEK:** [www.mayoclinic.com](http://www.mayoclinic.com)

As you get older, you might find that getting a good night's sleep becomes more difficult. But that doesn't mean insomnia can't be avoided. Despite the frustrating disturbances, you still need the same amount of sleep you needed when you were younger—generally seven or eight hours a night. Don't accept sleeplessness as part of the aging process. Learn more on this useful Web site maintained by one of America's leading hospitals.

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*Contributors and sources: Bill Cunningham, Lauren Luchi, Washington Post, Wall Street Journal, USA Today, Cleveland Plain Dealer, Chicago Sun-Times, South Florida Sun-Sentinel, Bergen Record, Inside AFT, Alliance for Retired Americans Friday Alert, Kaiser Health Policy Report. Frank Stella, editor; Jane Feller, copy editor; Meggan Wagner, design.*