

# THE 740 EXPRESS

OFFICIAL NEWSLETTER NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, CHAPTER 740

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April 1, 1998

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**Next Chapter Meetings:** Our next meeting will be on Thursday April 16th at the Warrington Motor Lodge, Route 611 (just North of Street Rd.) at 12:00 Noon. Call Beryl Fogelsanger (343-3467) early in the week.

Presently NARFE chapters are not specifically organized within the State Federation to maximize influence to the Federal Congressional District representatives. Chapter 740 is seeking to address this issue and clearly represent our membership concern to pending legislation.

NARFE's primary concern remains the threat to the Federal Employees Health Benefits Program poised by any opening of FEHBP to Medical Savings Accounts.

. April's Retirement Life leads with an article on the threat to the Federal Employees Health Benefits Program poised by ANY Medical Savings Account option.....the most important action for each NARFE member is to contact your own Representative to oppose the creation of a Medical Savings Account option in FEHBP. NARFE "vigorously oppose Medical Savings Accounts in FEHBP" because these plans could result in higher health care costs for older and chronically ill individuals who remain in traditional health plans. MSAs would tend to attract healthier enrollees because the new plans hold out the prospect of savings for low utilizers of health care.

The new budget law permits a physician to privately contract for Medicare covered services on two conditions. First, the physician must forgo reimbursement from Medicare for a 2-year period and, second, the contract must clearly state that the patient is liable for 100% of whatever the physician charges for these services. S.1194 and H.R.2497, if adopted, would remove these restrictive conditions.

Absent these restrictions, a physician would be able to privately contract with a patient for one service and bill Medicare for other services provided the same patient. This could easily lead to increased Medicare fraud and abuse, as was cited by CBO Director June O'Neill in a letter to Congressman Bill Archer dated October 30, 1997. Further, these bills would allow doctors to charge their Medicare private contract patients any amount with no limiting restrictions. Without supplemental insurance covering privately contracted services, beneficiaries would be forced to pay 100% of these costs out-of-pocket.

We urge you to oppose passage of S1194 and H.R.2497.

## STATEMENT BY CHARLES R. JACKSON, PRESIDENT

NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES

...feasibility of making long-term care insurance available as a federal employment benefit...nursing home at a cost in excess of \$40,000 year...individuals who need long term care are required to impoverish themselves to qualify for Medicaid nursing home benefits...

For individuals with enough income, private long-term care insurance has been an alternative to Medicaid. However, such insurance is very expensive and offers limited coverage. This is especially true with respect to policies sold to individuals instead of groups. And as Consumer Reports magazine wrote in October 1997, "long term care insurance is one of the most complex types of insurance sold by an industry not known for the **straightforwardness** of its products or the veracity of its marketing." half of the current Fortune 500 companies make private long term care insurance available to their workers.

At a minimum, this subcommittee must establish that the federal government can offer long-term care insurance with cheaper premiums and better coverage than federal employees or annuitants could buy on their own.

**First**, policies must be made available to federal annuitants as well as active employees.

**Second**, the decision to select private long-term care insurance should not mean that federal employees or annuitants would be forced to forgo other benefits. Since employees and annuitants are likely to pay 100 percent of the cost of long-term care insurance, there is no reason why they should give up retirement, health or life insurance benefits.

**Third**, the dollar amount of benefits payable under any policy made available must be sufficiently indexed for inflation.

**Fourth**, insurance carriers must have reasonable standards for making enrollees eligible for long-term care benefits. Benefits ought to be triggered because of medical necessities as well. And, all too often we find that the greatest need for long term care is for a person with a cognitive disorder like Alzheimer's disease. **Fifth**, long-term care plans need to be flexible. Individuals who want home and community-based care instead of nursing home care should have that choice. **Sixth**, plan portability would be necessary for those who leave federal service. **Seventh**, the number of long term care plans offered to federal employees and annuitants should be limited to ensure that enough individuals join a plan to build a satisfactory risk pool. Younger employees should be rewarded with lower premiums for buying early into a long-term care plan. Public policy makers could encourage taxpayers to prepare for the future by making long term care premiums entirely tax deductible. While such a tax break would result in an initial cost to the federal government, savings should be achieved in the future, since a larger number of long-term care insurance policyholders would reduce the demand for Medicaid nursing home benefits. And whether it is through Medicaid, Medicare, or other federal safety nets, costs for long-term care, in one form or another, can only increase as the population ages and lives longer.

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**NECROLOGY:** Carl Damm (3/22/98) a valued member of our Chapter. We will all miss him. Consider contributions to Alzheimer's in his name via NARFE740.

**Need Help?:** Call the Federal Retiree Assistance Center, (215) 597-0419. The Center is located at the Federal Building, Rm. 1208, 6th and Arch Sts, Philadelphia, and handles OPM/FEHB problems only (incorrect payments, non-receipt of checks, etc). Office hours are 10:00 a.m. to 2:00 p.m.

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#### **OPM's Annuitant Express**

The toll-free automated telephone system that went into operation in January of last year, for its first service permitted retirees to make federal tax withholding changes during the 1996 tax season. The number, in case you've mislaid it, is 1-800-409-6528 -- and don't forget your PIN number.

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**Important numbers:** Capitol switchboard 202-224-3121, 1800-522-6721, 1-800-692-3524, 1-800-972-3524; Bill Status 202-225-1772; White House comment line 202/456-1111 (FAX 2461); Supreme Court 202-479-3000; OPM 202-606-1000; Federal Election Commission 1-800-424-9530; NARFE Hotline 202-234-0503; [president@whitehouse.gov](mailto:president@whitehouse.gov); NARFE HQ [www.narfe.org](http://www.narfe.org); [www.visi.com/juan/congress](http://www.visi.com/juan/congress)  
If you have access to the Internet review our newsletter and links on WEB Site: [www.crompton.com/NARFE740](http://www.crompton.com/NARFE740) Sign up for Free FEDWEEK at: [www.FEDweek.com](http://www.FEDweek.com)

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