



FRIDAY ALERT

Alliance *for* Retired Americans

815 16th Street, NW, Washington, DC 20006 | 202-637-5399 | www.retiredamericans.org

Headlines:

**Wall Street Journal Profiles People Affected by Failure to Expand Medicaid...
...While Washington Post Profiles Those Whose Unemployment Benefits Ran out
Democrats Bail out Speaker Boehner to Raise the Debt Ceiling
Senate COLA Vote Restores Full Pension Benefits to Younger Military Retirees
AOL's CEO Faces Backlash for Singling out Employees with High Health Care Costs
Mortgage, Home Equity and Credit Card Debt Increases among Seniors Ages 65-74**

Here is your February 14 edition:

Wall Street Journal Profiles People Affected by Failure to Expand Medicaid...

The Affordable Care Act was meant to cover people in part by expanding Medicaid to workers earning up to the federal poverty line—about \$11,670 for a single person; more for families. In addition, people earning as much as four times the poverty line—\$46,680 for a single person—can receive federal subsidies. However, *The Wall Street Journal* this week profiled some of the millions of people caught in the middle, who are finding that their Governor's refusal to expand Medicaid in their state has left them unable to afford any coverage.

In 2012, the Supreme Court struck down the health law's requirement that states expand their Medicaid coverage. Federal government offered to pay the full cost of the expansion for three years, and then states would pay 10% of the annual expansion costs. Republican elected officials in 24 states then declined the expansion, triggering the coverage gap. As of January 1, 4.8 million people earn too little to qualify for health law subsidies to buy private insurance, and aren't eligible under existing state programs for the low-income, either. More at <http://tinyurl.com/mpn8c99>.

“We are seeing people who fall into a new coverage gap,” said **Richard Fiesta**, Executive Director of the Alliance. “Without the expansion of Medicaid, it is possible to fall between the maximum you can earn to qualify for Medicaid benefits, and the minimum you need to make to get subsidies.”

...While Washington Post Profiles Those Whose Unemployment Benefits Ran out

According to *The Washington Post*, “never in more than 65 years have so many workers been without a job and without a government lifeline.” Studies show that about a third of the people cut off from long-term unemployment benefits will find help from Social Security or other government programs. Others will thread together dwindling savings or support from family. But economists are studying the people who appear to come up with “more-idiosyncratic solutions,” which are tough to identify and almost impossible to track.

More at <http://tinyurl.com/ltmbu4>.

Americans United for Change has commissioned two polls from Public Policy Polling that suggest opposition to the Unemployment Insurance (UI) extension may have damaged two GOP Senators. They find voters in Ohio and Illinois say they're less likely to vote for Sens. **Rob Portman** and **Mark Kirk** by 24-point and nine-point margins in 2016. GOP opposition will remain key to the argument against Republicans in a cycle that many Democrats are making about inequality.

Democrats Bail out Speaker Boehner to Raise the Debt Ceiling

On Tuesday night, only 28 House Republicans joined nearly all Democrats to approve a “clean” extension of the government’s borrowing authority - one without strings attached. For a tally of the 221-201 vote, go to <http://tinyurl.com/mtl5j48>. The one-year extension left Republicans ceding control to Democrats, after a collapse in support within his own party for an earlier proposal advanced by Speaker **John Boehner** (R-OH).

On Wednesday, the increased borrowing authority was approved in the Senate, 55-43, on a strict party line vote with only Democrats in support (tally at <http://tinyurl.com/mg9b2lr>). The legislation, which President **Obama** said he would sign, would eliminate any chance of default on \$17.2 trillion in debt — and the financial havoc that would ensue — until March 2015. Passage this week brought considerable breathing room before February 27, when the U.S. Treasury had expected to exhaust existing borrowing capacity, putting federal payments at risk.

Senate COLA Vote Restores Full Pension Benefits to Younger Military Retirees

The House also approved a bill, 326-90, on Tuesday for restoration of full cost-of-living pension increases for younger military retirees, a bipartisan surrender to groups that opposed a cut when it was enacted less than two months ago.

The Senate passed a similar bill on Wednesday, 95-3. For a tally of the House and Senate votes, go to <http://tinyurl.com/qbx387l> and <http://tinyurl.com/n6sa7ek>. The savings to the government from the reduction had been calculated at \$7 billion over a decade, but would have cost individual veterans tens of thousands of dollars over their lifetime. More at <http://tinyurl.com/kutyaoq>.

AOL’s CEO Faces Backlash for Singling out Employees with High Health Care Costs

Staff complaints about recent comments by AOL’s CEO **Tim Armstrong** have led AOL (previously America Online) to reverse policy and again match employees' 401(k) contributions each pay period, rather than once a year. Mr. Armstrong announced the reversal in a staff e-mail on Saturday. In addition, he apologized in the memo for comments made during an employee conference call when he mentioned “specific health care examples” in trying to explain his decision-making process around AOL’s employee benefit programs. Armstrong did not describe the examples, but on the employee call Thursday, he had cited two distressed pregnancies costing \$1 million each as a reason for switching to the annual 401(k) matching. More from CNN at <http://tinyurl.com/kj7noey>.

One problem with once-a-year contributions is that employees who leave before the end of the year generally don't get any matching contribution, unless they retired or became disabled. Employees who get a year-end match also lose the benefits of compounding, or earning a return on money invested throughout the year.

There are other problems with annual 401(k) contributions as well. “Your risk goes up,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. “If you happen to get your single payment when the stock market is tanking, you can lose a substantial amount before you even cash your check.”

Mortgage, Home Equity and Credit Card Debt Increases among Seniors Ages 65-74

A new report from the National Center for Policy Analysis (NCPA) shows that the percentage of 65- to 74-year-olds who report having a mortgage or home equity loan payment increased from 21% in 1989 to nearly 37% in 2010. The average credit card balance for the same group rose from \$2,100 in 1989 to \$6,000 in 2010. More at <http://tinyurl.com/k43qger>.

“Many seniors have had to borrow against the equity in their homes to meet basic expenses,” said **Barbara J. Easterling**, President of the Alliance. “It is another sign of the difficulty that the middle class has been enduring the past few years. If you are suffering, you are definitely not alone.”

For a printable version of this document, go to <http://tinyurl.com/k48ws6a> .



Alliance for Retired Americans

815 16th Street, NW Fourth Floor • Washington, DC 20006
202-637-5399 (main)

www.retiredamericans.org

Copyright 2013, All rights reserved.

[Click here to unsubscribe](#)