

For immediate release:
September 28, 2016

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Low COLA To Trigger Medicare Part B Premium Spike New Inflation Data Confirms, Says The Senior Citizens League (TSCL)

(Washington, DC) – New consumer price index data through August confirm that Medicare Part B premiums will spike next year due to an extremely low cost – of – living adjustment (COLA), according to a new estimate by The Senior Citizens League (TSCL). “Low or no COLAs not only affect Social Security benefits, the amount of the annual boost also affects the amount of Medicare Part B premium people will pay in 2017,” says Jessie Gibbons, TSCL’s Senior Policy Analyst. “For nearly one out of three beneficiaries, Medicare Part B premiums could increase more than 22%,” Gibbons says.

The Senior Citizens League regularly tracks and estimates the projected annual COLA increase with the release of monthly consumer price index data from the Bureau of Labor Statistics. “Inflation data through August are confirming that the COLA will be in the vicinity of 0.2%, forecast by the Social Security Trustees, and that would trigger the “hold harmless” provision,” Gibbons says.

When no, or a very low, COLA occurs, a provision of law known as “hold harmless” is triggered. Under the provision, when an individual’s Social Security COLA is insufficient to cover the increase in the Medicare Part B premium, the Part B premium is adjusted so that one’s Social Security benefit isn’t reduced from one year to the next. About 70% of Medicare beneficiaries are protected by hold harmless from rising premiums.

But the money to cover beneficiaries’ share of premium costs still needs to come from somewhere. That leaves the 30% of Part B enrollees who aren’t protected by hold harmless to make up the difference through steeply higher Part B premiums. Many of those people are facing a steep Part B premium increase from \$121.80 per month to an estimated \$149.00, the highest increase in 27 years. Those not protected by the hold harmless provision include:

- Medicare Part B enrollees who don't receive Social Security benefits. This includes people who have delayed the start of Social Security benefits, and all people who are billed for Medicare. According to a [report](#) from the Kaiser Family Foundation, in 2013, about half of all people on Medicare who don't yet receive Social Security had incomes below \$33,000.
- Higher-income beneficiaries. People with modified gross incomes above \$85,000 (individuals) or \$170,000 (couples) in 2017 are required to pay higher Part B premiums. The amount they pay varies depending on income. According to Medicare Trustees, their premium increases will range from \$38 to \$87 per month.
- Low-income beneficiaries who receive Medicaid in addition to Medicare. State Medicaid programs pay the Part B premiums for people who qualify due to low income and resources. According to the Kaiser Family Foundation, there are approximately 10 million dually - eligible beneficiaries representing about two-thirds of those who are not protected by hold harmless.
- New Medicare Enrollees in 2017. Because these people are new to Medicare, they pay the full amount in 2017 when they sign up.

Part B premiums are only part of what Medicare recipients pay. People also have premiums for a Medigap supplement and Part D plan, or a Medicare Advantage plan and those premiums are rising as well. Hold harmless protection does not apply to premium increases in these private plans, and any increase would leave retirees with less in the household budget. To learn more, visit www.SeniorsLeague.org.

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With 1.2 million supporters, The Senior Citizens League is one of the nation's largest nonpartisan seniors groups. Its mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. Citizens, and to protect and defend the benefits senior citizens have earned and paid for. The Senior Citizens League is a proud affiliate of The Retired Enlisted Association. Visit www.SeniorsLeague.org for more information.