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***Millions of Retirees Could See Entire COLA Swallowed by Medicare Part B Increase
Next Year
Warns The Senior Citizens League***

(Washington, DC) – In their new report, Medicare Trustees forecast a higher rate of growth in Part B premiums next year, which could put millions of low benefit Social Security recipients at risk of seeing the deduction for their Medicare premiums take the entire amount of their Social Security cost-of-living adjustment (COLA) increase, warns The Senior Citizens League (TSCL). “A very low COLA would increase the risk that higher Medicare Part B premiums for 2020 will consume the entire amount of the COLA,” says Mary Johnson, a Social Security and Medicare policy analyst for The Senior Citizens League.

“Consumer Price Index data through March suggests that the annual Social Security cost-of-living adjustment (COLA) for 2020 will be very low, about 1.2%,” Johnson projects. The Social Security Trustees included a similarly low 2020 COLA prediction of 1.2% in their new report. Their report included three estimates – high, intermediate, and low COLA estimates. “This could mean that any Part B increase, of around \$9.00 per month, will take the entire COLA of millions of low benefit Social Security recipients,” adds Johnson.

According to the new [Medicare Trustees report](#), Part B premiums are expected to rise by \$8.80 per month in 2020, from \$135.50 to \$144.30. An analysis by Johnson found that a Medicare Part B increase of \$8.80 per month would take the entire COLA of Social Security recipients with a gross monthly benefit of \$735 or less in 2019. According to Social Security data, roughly 4 million Social Security retirees with low benefits could be at risk of seeing no growth in their net Social Security benefits in 2020, after the deduction for rising Part B premiums using these projections.

While rising premiums might take all of an individual’s COLA, a special provision of law protects most, but not all, Social Security recipients from benefit reductions due to rising premiums. Known as the Social Security “hold harmless” provision, when the dollar amount of the Medicare Part B premium increase is greater than the dollar amount of an individual’s COLA, the Social Security Administration adjusts the individual’s Medicare Part B premium to prevent a net reduction in Social Security benefits from one year to the next.

While a valuable protection, those affected by hold harmless wind up with no growth in their net Social Security benefit after the deduction for Part B premiums. That leaves nothing extra left over to deal with other rising costs, like housing and out-of-pocket medical costs. In addition, because those who are protected by hold harmless are paying less than the basic Part B premium, they will need a higher COLA to catch up to Medicare Part B levels in following years. Should COLAs remain low, beneficiaries may see their net Social Security benefits remain flat over an extended period of time— a situation that most recently affected tens of millions of retirees nationwide in 2016, 2017 and 2018 when the COLA was zero, 0.3 percent, and 2 percent respectively.

Even though Social Security recipients this year received the highest COLA since 2012 —2.8% — COLAs have averaged a meager 1.4% over the past decade. That’s an unprecedented low rate of growth in Social Security benefits for an unprecedented long period of time. Johnson forecasts that more retirees will be affected on a recurring basis if COLAs continue to remain low, because the Medicare Trustees estimate that Medicare Part B premiums will grow to \$226.30 per month by 2028.

The Senior Citizens League supports legislation called the *Fair COLA for Seniors Act* (H.R. 1553) that would strengthen the annual COLA by tying it to a “seniors” index, the Consumer Price Index for Elderly Consumers (CPI-E), which over time is expected to provide modestly higher benefits than the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is used to calculate the COLA under current law. In addition, TSCL supports legislation that would provide a minimum COLA of no less than 3% per year. This would provide extra protection in years when inflation is below that amount.

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.