

Largest Increase Ever Forecast For Medicare Part B Premiums in 2008

22 Million Americans Would Receive No Increase in Social Security Checks Next Year as a Result

FOR IMMEDIATE RELEASE – February 13, 2007 (Washington, DC) – Medicare Part B premiums – which cover doctors' visits, tests, and outpatient hospital care – are forecast to increase by \$15.90 in 2008, the largest amount in the history of the program, according to a new analysis by TREA Senior Citizens League. That would represent a 17 percent increase, from the current \$93.50 per month to \$109.40 per month. A married couple could be faced with close to \$400 in new premiums next year, in addition to the increasing cost of their prescription drug program, covered under Medicare Part D.

In addition, a little noticed section of the 2007 Budget and Economic Update released late last month by the Congressional Budget Office (CBO) estimates that seniors will receive just a 1.5 percent Social Security Cost of Living Adjustment (COLA) in 2008, the third smallest increase in the past 20 years. For the person with an average monthly Social Security benefit of \$1,044, that would result in a \$15.70 monthly increase.

As a result, as many as half of America's 44 million retired and disabled Social Security recipients could receive no increase in their Social Security checks at all next year, since almost all beneficiaries have their Medicare Part B premiums automatically deducted from their checks.

The forecast for 2008 is based on the rapidly growing deficit in the Medicare Part B program. A spending trigger in 2003 law requires the President to propose cuts and Congress to act when the federal portion of Medicare spending exceeds a certain deficit level, which, the Medicare Trustees will announce this spring, has happened. Although premium rates are supposed to match program costs, Congress has enacted legislation that substantially increases program costs *after* setting premium rates since 2004.

In 2006, Medicare's Trustees announced that closing the deficit would require an 11 percent increase in Part B premiums for 2007, but the Administration, which sets the final rate for Medicare premiums, opted instead for a lower 5.6 percent increase. Had these costs been included, Part B would cost beneficiaries \$5 more per month this year.

In addition to the growing deficit, Congress passed an increase in physician reimbursements late last year after setting the 2007 premium, which will further increase Part B premiums in 2008.

"For years, we've been sounding the alarm bell that America's seniors are falling further and further behind, but we've never seen anything quite like these projections," said Ralph McCutchen, Chairman of TREA Senior Citizens League. "If our annual Social Security increases get eaten up by just one part of Medicare, how are we supposed to keep up with the rising costs of everything from prescription drugs to home heating to groceries?"

Over the past five years, Medicare Part B premiums have skyrocketed 60 percent, while the COLA has increased just 14 percent. If these new projections for 2008 prove correct, it will mean Medicare Part B premiums will have soared 77 percent in six years, while the COLA, intended to help seniors offset the effects of inflation, will have increased just 15 percent.

TREA Senior Citizens League is lobbying for a change in the Consumer Price Index (CPI) used to determine the COLA to help seniors offset the increasing cost of Medicare Part B. The government currently calculates the COLA based on the CPI for Urban Wage Earners and Clerical Workers (CPI-W), a slow-rising index that tracks the spending habits of younger workers who don't spend a high percentage of their income on health expenditures.

However, the government *does* track the spending patterns of older Americans, and has done so since 1983 with the CPI for Elderly Consumers, or CPI-E. By tying the annual increase in the COLA to the CPI-E, seniors would see much needed relief in their monthly checks.

For example, a senior who retired with a benefit of \$460 in 1984 would have received almost \$10,300 more over the past 23 years with the CPI-E.

"The CPI-E may sound like an obscure piece of legislation – but to our members, it can mean the difference between tens of thousands of dollars during their retirement years," said Shannon Benton, Executive Director of TREA Senior Citizens League. "More members of Congress are supporting this legislation each year for good reason, and we will keep fighting until it passes."

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With 1.2 million members, TREA 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. Visit www.SeniorsLeague.org for more information.

[Read the full analysis](#)

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NOTE TO REPORTERS: *The Medicare Trustees will likely announce their early estimates for 2008 Medicare Part B premiums in late March. Their estimates may be lower (i.e. more optimistic) than ours. Due to current law, their estimates are required to assume that Congress will cut physician reimbursements by 10 percent. Since that will almost certainly not happen, the estimates provided by the Trustees will likely be lower*

than the final figure, which will be released later in the year – and will likely be closer to our forecast.

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