

Medicare premiums in 2008 expected to be largest ever; 22 million would receive no SS benefit increase

by Bend_Weekly_News_Sources

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, 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 estimates that seniors will receive just a 1.5 percent Social Security Cost of Living Adjustment 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.

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