

18% of Workers Pay No Social Security Taxes on Earnings Over \$128,400

Most working people pay Social Security taxes on every dollar earned and many pay more in Social Security taxes than in federal income taxes. Yet nearly one out of five workers—some 18%—pay no Social Security taxes on any earnings over the Social Security taxable maximum—which is \$128,400 in 2018.

According to the Congressional Budget Office (CBO), wages are growing faster for people who earn more than the Social Security taxable maximum than for people earning less. The CBO projects that this unequal growth in earnings will cause a decline in revenues received by the Social Security Trust Fund over the next decade.

TSCL is highly concerned that the projected decline in Social Security revenues, along with the expected \$1.5 trillion drop in general revenues caused by recent tax cuts, will create growing pressures to cut federal spending on benefits. The most frequently discussed changes include raising the eligibility age for benefits, imposing means testing, and slowing the growth of the annual Cost-of-Living Adjustment (COLA) by tying the annual

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MEDICARE STARTS MAILING NEW CARDS IN APRIL

Beware of Scams!

Start watching the mail for your new Medicare card. The Center for Medicare and Medicaid Services will start mailing the cards this month and plans to replace all existing Medicare cards over the next year—by April of 2019.

The goal is to prevent fraud and combat identity theft by removing the Social Security numbers from cards and using

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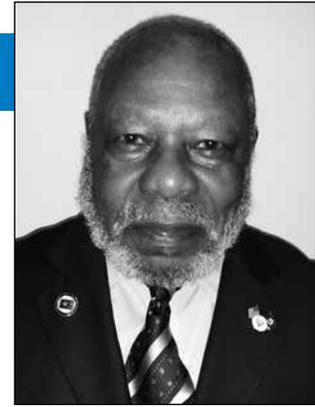
Medicare Tops for U.S. Healthcare But Lags Other Nations

By Mary Johnson, editor

Medicare is popular among retired and disabled beneficiaries. But according to a study of international health systems, older Americans are in worse health and pay more for their healthcare than older folks who live in other wealthy developed countries that have universal healthcare. Researchers at The Commonwealth Fund, a private foundation that does research comparing the U.S. health system with systems in 10 other countries, have found that the U.S. healthcare system ranks last among the 10 countries studied, the top three of which include the United Kingdom, Australia and the Netherlands. That's despite the U.S. having the highest per capita health expenditures of any country studied and devoting the bigger percentage of the GDP to healthcare than the 10 other nations.

Our healthcare system is unique among other wealthy nations in that we lack universal health insurance. Medicare is the most popular government-run healthcare system in the U.S. and the closest thing to universal healthcare that we've got. But as far as coverage goes, there are

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Arthur "Coop" Cooper, Chairman, TSCL

EASIER SAID THAN DONE: Public Unconvinced that Medicaid Spending Should Be Cut

About one in five older and disabled Medicare beneficiaries has income so low that their state Medicaid programs pay some or most of their Medicare costs. That includes Medicare Part B premiums and out-of-pocket costs, as well as services that aren't covered by Medicare, such as vision, dental and nursing home care.

Medicaid is a federal and state healthcare program for low-income people. By law, the federal government pays no less than 50% of the costs, and states pay the balance. For the poorest states, the federal portion can be as high as 73%.

Last year Congress considered a major Medicaid overhaul that would transition the program from one that covers qualified applicants whose incomes are low enough, to a system that provides a fixed per capita payment or block grant to states. The Congressional Budget Office estimated this change would cut federal spending on Medicaid by more than 25% over the next decade. Despite lawmakers' failure to enact the change to Medicaid last year, some lawmakers in Congress and President Trump may try again this year.

Implementing Medicaid cuts is proving even harder than getting the cuts enacted into law. In Connecticut for example, the state General Assembly recently voted overwhelmingly to reverse healthcare program cuts that they

had passed just a few months before. Connecticut's 2017 budget agreement lowered the Medicaid program's income eligibility limits last year. The cuts, originally planned to go into effect January 1, would have kicked an estimated 86,000 older and disabled people off Medicare Savings Programs which pays Part B premiums and out-of-pocket costs, and moved another 27,000 to a second level of the program that provides less financial assistance. But, by January 8, 2018, the cuts were reversed by an overwhelming 130-3 vote, despite lingering concerns over financing.

Medicaid is popular with the public. When asked about their views on Medicaid, three-fourths (74 percent) of the public, including majorities of Democrats (84 percent), independents (76 percent), and Republicans (61 percent), hold a favorable view of Medicaid. Majorities also support

increasing funding for Medicaid or keeping it the same, with 40% increasing funding, and 47% who support keeping funding at the same level.

TSCL is disappointed in the repeated attempts of lawmakers to reduce funding for the healthcare of their sickest and poorest constituents in 2017. TSCL urges all of you to get ready to vote this election year. Start now by checking that your voter registration is up to date, particularly if you have moved recently. ■

Source: "10 Charts About Public Opinion On Medicaid," Kaiser Family Foundation, June 27, 2017. "Medicare Savings Program Cuts Delayed By Two Months," Mackenzie Rigg, The CT Mirror, December 5, 2017. "General Assembly Reverses Cuts To Medicare Program," Keith Phaneuf, The CT Mirror, January 8, 2018.

SOCIAL SECURITY & MEDICARE QUESTIONS

Q: I understand that I can receive Social Security benefits while I'm still working. I'm 64 but my earnings are pretty modest. I have about \$75,000 in savings and the mortgage on my home will be paid off later this year. What are your thoughts on starting Social Security at 64 and continuing to work?

A: Without a doubt, the idea of starting Social Security benefits before you reach your full retirement age has strong appeal. But consider this: statistics indicate that about half of today's working age households who are close to retirement age will not be able to

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Madison West, Legislative Assistant

Why Mothers and Wives Can Receive Less in Social Security

Madison West, Legislative Assistant

Many social and economic factors work against women who are family caregivers and mothers that can lower their Social Security benefits. The Senior Citizens League (TSLC) believes that lawmakers can and should be doing more to improve this.

Social Security benefits are determined by the income earned (up to the taxable maximum) over a working career, and the number of years worked. The more money you make and pay taxes on, and the more years you work the larger your monthly Social Security benefit will be. The Social Security Administration calculates your benefits based on the 35 years in which you earned the most money. But many women, especially those who become mothers or caregivers, give up a substantial portion of their earnings to care for a family.

According to a 2013 Pew Research study, women tend to take time off work to have children or care for aging family members more often than men, and then wind up with zero or only low earnings during those years. This reduces the initial Social Security retirement benefit. If a woman works entirely as a stay-at-home

mom or is a full-time caregiver and doesn't take a job with an employer or is not self-employed, this means she would only rely on survivor or spousal benefits based on her spouse's work record for financial support.

Today's working women, even those who worked in the same positions as men, tend to earn less during their working careers. The Economic Policy Institute reports that to every dollar a man makes, women of Asian descent earn 88 cents, Caucasian women make 81 cents, African American women make 65 cents, and Hispanic women make 59 cents. This only worsens the low lifetime earnings problem.

Women who earn less are particularly disadvantaged because females tend to live longer compared to men but have to live on less in benefits. The Social Security Administration website tells us that the typical woman receives \$1,218 each month while the typical man receives \$1,534 per month—meaning that, on average, men receive 25% more in Social Security benefits. This means that women have much less money to cover their expenses over a longer period.

To remedy this problem, TSLC supports Social Security "caregiving credits." These credits would be applied to a worker's Social Security earnings record to make up for years when people took time out of their working careers, and earned little or zero income, because they were caring for children, spouses, or older family members.

Many of these proposals to improve Social Security benefits for women will, and should, also benefit men who took time out of their working careers to care for someone else. However, because women are more likely to outlive their husbands and take care of children, TSLC believes these proposals can particularly help women who gave so much to others, and deserve protection in return. To learn more about these and other proposals that would strengthen Social Security benefits for mothers and caretakers, visit our website at www.SeniorsLeague.org. ■

Source: "Black and Hispanic Women Are Paid Substantially Less Than White Men," Economic Policy Institute, March 7, 2017.

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The Senior Citizens League is an organization of active seniors concerned about the protection of their earned Social Security, Medicare, military, and other retirement benefits. TSLC supporters participate in a number of grassroots lobbying and public education campaigns to help ensure governmental bodies live up to their commitments. Readers wishing to contact TSLC should address correspondence to The Senior Citizens League, 500 Montgomery Street, Suite 400, Alexandria, VA 22314. TSLC website: www.SeniorsLeague.org.

CONGRESSIONAL CORNER

SNAP Simplification Act Would Reduce Burdens on America's Elderly and Disabled Community

By Representative Al Lawson (FL-05)

Many of our nation's seniors live on fixed incomes and struggle to afford everyday expenses. Sadly, a large number of these individuals are also disabled. There are several existing programs that support the most vulnerable among us, but the number of agencies, applications, reporting requirements and additional obstacles they must tackle to access these funds make it unnecessarily difficult for them to receive the benefits they desperately need and deserve.

I recently introduced H.R. 4521, SNAP Simplification for the Elderly Act, as one of the focal points for my "Let's Feed America Campaign." The bill would eliminate burdensome red tape and make it easier for the low-income elderly and disabled individuals to receive SNAP, Supplemental Security Income (SSI) and the Medicare Savings Program (MSP) benefits.

Hunger and food insecurity is a huge problem in America. Nearly 41 million Americans struggle to put food on the table each day, including five million seniors. Because of their lack of income, many of our seniors are often faced with the frightening decision of whether to purchase food or medicine.

This is certainly the case in Florida's 5th Congressional District, which I represent, where one in every four citizens has received SNAP benefits at some point over the past 12 months, a rate which is

nearly twice the national average. It is estimated that only 42 percent of eligible seniors are enrolled in SNAP. SSI and the MSP have similarly low rates among seniors and individuals with disabilities. This is unacceptable.

I care deeply about guaranteeing that all Americans have access to food, regardless of their income. That is why I introduced this bill.

The SNAP Simplification for the Elderly Act will build upon the success of the USDA's Elderly Simplified Application Project by extending the SNAP recertification periods for households from 12 to 36 months if all adult household members are elderly, disabled or enrolled in Medicaid or the Medicare Savings Program.

It will also amend existing law to allow the Secretary of Agriculture and the Commissioner of Social Security (SSA) to administer Combined Application Projects (CAP) in at least 10 additional states, which will



Representative Al Lawson (FL-05)

streamline application procedures for SSI and SNAP. Seventeen states currently participate in this program.

This legislation will also create "Social Security Administration Senior Centers" as pilot projects in 10 SSA field offices that will work to streamline the application and delivery processes of federal, state and local programs that serve low-income elderly or disabled individuals.

I believe it is imperative that we fully support programs that protect the nation's most vulnerable, and ensure that they can easily access them in their time of need. The SNAP Simplification for the Elderly Act will make great strides in that direction. ■

The opinions expressed in "Congressional Corner" reflect the views of the writer and are not necessarily those of TSCL.

18% of Workers Pay No Social Security Taxes on Earnings Over \$128,400; continued from page 1

boost to the more slowly-growing chained consumer price index.

Surveys have found that public opposition to cutting benefits is widespread, but there is support for changes that would make

Social Security payroll taxes more equitable. According to TSCL's 2017 Senior Survey, 73% of survey participants support abolishing the taxable maximum cap and to apply the full 12.4% payroll tax to all earnings.

TSCL supports legislation that would lift or eliminate the Social

BEST WAYS TO SAVE

Over-diagnosis: Medicare Preventive Services Don't Make Sense for Everyone

Medicare covers most, or all, of the cost of many preventive services, like annual mammograms and PSA tests for prostate cancer. But the downside is that screenings often flag benign and slow-growing cancers that pose no risk to the patient. Ruling out a malignancy can be highly stressful and expensive, leading to more tests, biopsies and even treatment that can be harmful—especially in the oldest of patients.

Excessive and unnecessary services that are unlikely to be beneficial and which drive up healthcare costs for patients and Medicare are gaining new scrutiny from experts. “Over-diagnosis” is estimated to be the largest contributor to wasteful spending in U.S. health care. A recent national survey published on the website of the National Institutes of Health found that doctors reported that more than 20% of all medical care they provided was unnecessary, including 25% of tests and 22% of prescription medications.

In some cases, people are getting screened for tumors in organs they no longer have. In a

study of women over 30, nearly two-thirds of those who had undergone a hysterectomy got at least one cervical cancer screening, according to a study in the *JAMA Internal Medicine*. Medicare Part B covers such screenings once every 24 months for *all* women, or once every 12 months for women at high risk. The U.S. Preventive Task Force, however, recommends against screening for cervical cancer in women older than age 65 “who have had adequate prior screening and who otherwise are not at risk for cervical cancer.”

A variety of experts including the American Cancer Society are recommending breast and prostate cancer screenings for only patients expected to live another 10 years or more. Medicare, however, covers a screening mammogram for women age 40 or older once every 12 months or a diagnostic mammogram when medically necessary. The U.S. Preventive Task Force recommends one mammogram every other year for women age 50–74. Yet according to a 2013 study in *JAMA Internal Medicine*,

mammograms for women over the age of 75 cost Medicare more than \$410 million a year.

Medicare covers prostate-specific antigen cancer screenings (PSA) for prostate cancer once every 12 months for all men over 50. But critics say that this test should only be used in cases where a patient has specific symptoms. In fact, the U.S. Preventive Task Force recommends *against* (PSA) based screening for prostate cancer. Prostate cancer screening in men over 75 costs Medicare at least \$145 million a year according to a 2014 study in the journal *Cancer*.

Over-diagnosis can cause real harm if patients suffer major negative side-effects from follow-up procedures. If you have questions about cancer screening tests, talk to your doctor. If advanced age is a factor, it may be worth getting a second opinion. ■

Sources: “Overtreatment In the United States,” National Institute of Health, September 6, 2017. “Doing More Harm Than Good? Epidemic Of Screening Burdens Nations Older Patients,” Liz Szabo, Kaiser Health News, December 20, 2017.

Security taxable maximum. Such a change is estimated by Social Security Trustees to eliminate 67% of Social Security’s long-term shortfall over 75 years while improving retirement security.

Do you think Social Security’s funding should be strengthened? Consider

attending a local town hall in your area. Sign up to ask questions, or approach a staffer of your Member of Congress to relay your ideas. Together, we can make the case that better retirement security can’t be achieved through cutting the benefits that more than 61 million people depend on, but

rather by everyone paying their fair share during their working years. ■

Sources: “Distributional Effects Of Raising The Social Security Taxable Maximum,” Kevin Whitman, Social Security Policy Brief, July 2009, No.2009-01. Lifting the Taxable Maximum Wage, Description of Proposed Provision: E2.2, Social Security Administration Office of the Actuary.

Medicare Tops for U.S. Healthcare But Lags Other Nations; continued from page 1

substantial out-of-pocket costs that Medicare doesn't cover.

In addition to Medicare, most people purchase either private supplemental Medigap insurance and a private Part D prescription drug plan, or enroll in a private Medicare Advantage health plan that offers drug coverage. Many of us still pay dental, vision and audio expenses out-of-pocket, or put off care. About one out of five older Americans qualify for Medicaid to help pay for Medicare Part B premiums and out-of-pocket costs. According to The Commonwealth Fund report, such *"Incomplete and fragmented insurance coverage may account for the relatively poor performance of the U.S. on health care outcomes, affordability, administrative efficiency, and equity."*

Clearly, many retirees would agree our U.S. "hybrid" Medicare system of government and private insurance has plenty of room for improvement, like authorizing Medicare to negotiate drug prices, and keeping Medicare Part B premium growth in line with annual Cost-of-Living Adjustments.

How you can get involved:

Present a "big idea!" Some members of Congress are seeking ideas, comments, and recommendations from their constituents for improving our healthcare system. Put together your best ideas for lowering Medicare costs in a brief one-page letter and share it with your Member of Congress. ■

Sources: "Mirror, Mirror 2017: International Comparison Reflects Flaws and Opportunities for Better U.S. Health Care," The Commonwealth Fund, 2017.

Medicare Starts Mailing New Cards In April; continued from page 1

a unique, randomly-assigned number instead. The new cards, which contain a combination of numbers and uppercase letters, will be automatically mailed to all Medicare beneficiaries. There is nothing people need to do to obtain the cards.

But in the meantime, beware of scams and identity theft attempts. Scammers are taking advantage of the confusion created by the transition, and reports of Medicare card scams are rampant. The two most important things to know: **Medicare will not call or contact you for "information about your account," and the new card will not cost you anything.**

Hang up the phone or shut the door if you encounter any of the following:

- **Someone calls stating they are with Medicare and they need to update your information.** Medicare never calls or visits anyone and already has the information it needs to send your cards.
- **Someone calls or visits asking for your address or Social Security Number and reads incorrect information that they claim to have for you.** This is the typical way in which scammers attempt to bait you into supplying information they want, which includes your address, email address, or Social Security number. Don't take the bait. Never give out your Social Security number to anyone who calls you on the phone or knocks on your door.
- **Someone tries to tell you there's a fee for the new Medicare card.** There is no fee for the card. Never give out your credit card or bank account number to anyone.
- **If you get a call from someone that you don't know who is asking for personal information, don't be polite—hang up or shut the door.** If you do get such a call about new Medicare cards, you may help other retirees avoid scams by calling your local newspaper and TV stations to alert the local news media to the attempt. Tell journalists what almost happened to you and ask for their help to get the word out to other retirees. ■

Your Opinion Counts!

We can strengthen Social Security, Medicare and Medicaid programs without the need for deep cuts and higher out-of-pocket costs. The Senior Citizens League needs your opinions and ideas to share with Members of Congress on the issues. Make sure they hear your concerns. Take a survey, sign a petition, read about the latest legislative action in Congress, or send us an email. Visit The Senior Citizens League's website at www.SeniorsLeague.org. ■

THE ADVISOR ASKS

Can Healthcare Costs be Improved by Expanding Medicare?

By Mary Johnson, editor, with Carol Bingaman, retired public health and business professional

What would you say if you had the opportunity to sit down with 11 other retirees to debate the future of healthcare in the U.S.? Last fall I had the opportunity to do just that in a six-week course held by the Osher Lifelong Learning Institute at the University of Virginia. Working together, the group studied and debated the issues facing our current healthcare system and further debated a proposal for universal healthcare.

There I met Carol Bingaman, a retired professional who worked for the state of Pennsylvania, as well as in the private sector. At a recent town hall in Staunton, Virginia, Carol, who is now a Virginia resident, presented a copy of the group's ideas to Senator Tim Kaine (VA) for consideration. Recently, I asked Carol to share some of her ideas for Medicare and Medicaid.

MARY: *In our debate on the future of healthcare in the U.S. you said that you favor “an evolving universal healthcare system that would leverage systems and services already in place.” Could you explain?*

CAROL: There's already a considerable investment in government programs that manage and oversee U.S. healthcare. Both Medicare and Medicaid are proven programs. Over time and going forward it may be possible to make improvements by possibly combining these two systems where it makes sense. To save money, our government should look for economies of scale and opportunities to negotiate for better prices. For example, preventive care, better nutrition, and coordination of care all have the potential to save money and improve health outcomes.

MARY: *Do you believe expanding Medicare to people 55 to 64 would provide better coverage than what most people already have? How would healthcare change for that group?*

CAROL: People who are 55–64 are at the age when they start experiencing serious chronic health conditions like heart disease, diabetes, arthritis, and other expensive illnesses. Those who are unemployed or “under” employed, and not able to buy adequate coverage, will likely wait until they are really sick or beyond help to seek medical care. Let's allow this group to buy into Medicare at a rate that's affordable without placing an undue burden on Medicare financing. Removing these “heavy health care users” from the “Obamacare” risk pool should allow health insurance companies to develop more affordable plans geared to the 18–54 age group of healthier people.

MARY: *Would expanding Medicare to the 55-to-64 age group save money? How would you envision paying for this expansion of Medicare?*

CAROL: Those allowed to enroll in Medicare early would have to pay premiums, possibly at a higher rate than the 65 and up group. For example, younger enrollees might pay a 10% premium surcharge until they reach the typical

Medicare eligibility age. Getting this population in early with comprehensive medical care could keep this group healthier longer. Getting quality medical care early before the major chronic illnesses occur could yield savings and better outcomes down the road.

MARY: *What is the status of the healthcare proposal that your class is working on?*

CAROL: My hope is that we find a receptive audience for our proposal. We know there are better systems in place around the world. It is shameful that our lawmakers accept a life expectancy that is declining while we have examples of systems that work quite effectively in many other countries. Using these success stories as a model, we can surely develop an approach that will serve us well. ■

maintain their standard of living in retirement.

People frequently overestimate the amount of money they will receive from Social Security benefits. Lifespans are growing longer, and ideally you will want your savings to last over the length of your retirement that could be as much as 25 to 30 years long. At the same time life expectancy is rising, so are healthcare costs. If you talk to folks who have already retired, you will learn that almost 6-in-10 retirees will report that healthcare costs take one-fourth to one-third of their Social Security benefits.

Based on your current age, your full retirement age is 66. That's the age when you can retire and receive the full, unreduced amount of your benefits. If you start benefits at age 64 your benefit will be reduced 20%. For example if you are eligible for \$1,200 at age

66 you would only receive \$960 per month at age 64.

But when you work, there's a limit to how much you can earn and still keep your benefits. When you are under full retirement age, your Social Security benefit will be reduced \$1 for every \$2 you are over the earnings limit.

Example: In 2018 you are allowed to earn \$17,040 per year or \$1,420 per month without Social Security withholding any of your benefits. Let's say you earn more, \$1,900 per month. That would mean you would earn \$480 more than the limit. Social Security would reduce your benefit by \$240 per month, leaving you with just \$720 per month ($\$960 - \$240 = \720). In addition, your earnings would also subject a portion of your Social Security benefits to taxation.

According to TSCL's 2017 Senior Survey, 8% of survey respondents said that their benefits

have been withheld by Social Security due to excess earnings. Unless you have a terminal illness and are not expected to live very long, we strongly recommend that you consider delaying the start of your Social Security benefit until you are 66 or older when you will be eligible for the full, unreduced amount. To get the maximum, consider working until age 70 if you can. Your benefit will grow by 8% per year if you do.

To learn more about how work affects your benefits, call the Social Security Administration toll free at 1-800-772-1213 and ask for *How Work Affects Your Benefits*, Publication No. 05-10069. ■

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