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How Would President Biden Reform Social Security?

As the coronavirus health crisis, and high unemployment drag on, Social Security's financial situation is becoming increasingly urgent. According to the Social Security Trustees, Social Security's annual revenues are expected to fall short of benefits paid in 2021, and never recover without action from Congress. High numbers of people out of work due to business closures, and people working part time or at reduced wages has significantly reduced Social Security payroll tax revenue needed to pay the benefits of today's retirees.

President Biden campaigned on a Social Security plan that would boost Social Security benefits and pay for the higher benefits by increasing Social Security payroll tax revenues. But even so, a recent analysis of his plan by the nonprofit Urban Institute, a policy research organization, says that the Biden plan would not completely fix Social Security's long-term solvency.

While President Biden has not yet released a plan for Social Security, here are several major proposals drawn from the 2020 Democratic platform plan for Social Security:

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Medicare Hospital Insurance Trust Fund Near Insolvency

Before 2020 came to an end, a new forecast from the Congressional Budget Office (CBO) confirmed that Medicare's Part A Hospital Insurance (HI) trust fund is running out of money two years earlier than previously expected. The CBO's forecast indicates that there will be insufficient funds to cover all Part A benefits beginning in 2024—less than 3 years from now.

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MEDIGAP PREMIUMS
Are You One of the "62%"?

By Mary Johnson, editor

Are you one of the 62%? This is a term that I invented for Medicare beneficiaries with a Medigap supplement whose premiums have increased by 62% or more since 2016, like mine. If that's you, welcome to the club!

A colleague and I recently discovered that he, his wife, and I are in this dubious category. Our Anthem Medigap premiums for Plan "F" have increased by over 62% since 2016. In just five years, Bill's premiums rose a total of 66% and Jan's rose 62% over four years. And my Medigap premiums rose 66% as well, but that increase was over four years instead of five.

To help you determine if you're one of the 62%, you will need the Medigap premium that you paid 2016 (if you were enrolled then) and subtract that from your Medigap premium for December of 2020. Then divide the difference by your 2016 premium to get the percentage of increase since 2016. Even if you have a Medigap plan other than plan "F,"

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Are You Ready for a COVID-19 Vaccine?

By Rick Delaney, Chairman of the Board, TSCL

Rick Delaney, Chairman of the Board, TSCL

An unprecedented nationwide effort to vaccinate Americans against COVID-19 is underway, and older adults are among the first on the list to be vaccinated. With limited initial supplies of vaccines available, those who are the most vulnerable to COVID-19 have been given top priority to get the first vaccines.

The first people to get the vaccine included healthcare workers as well as residents of nursing homes and assisted care facilities. This is due to the extraordinary toll that the coronavirus has taken in many of long-term care facilities.

The CARES Act which became law in March of 2020 requires Medicare to cover the cost of COVID-19 vaccines without any cost sharing for the beneficiary. But that law applies only to vaccines that are licensed for use. The earliest COVID-19 vaccines have not yet been licensed, having only been approved for emergency use. Now, questions have been raised as to how long these emergency use vaccines will be available without a copay. Will Medicare beneficiaries face cost sharing by the time it's their turn to get vaccinated? TSCL recently endorsed legislation that would ensure beneficiaries would have access to COVID-19 vaccines without cost sharing.

The early vaccines have been reported to have high efficacy rates and come from Pfizer and Moderna. The vaccine by Pfizer, in partnership with BioNTech, has an overall efficacy rate of 94% in adults age 75 and older. Moderna's vaccine has an 87% efficacy rate in preventing moderate COVID-19 disease in older adults.

While the vaccines have shown they are good at preventing serious illness, it's still too early to know how well they will prevent the spread of COVID-19. There are concerns that some vaccinated people could become infected without developing symptoms, and then could transmit the virus. Health experts continue to say that we are going need to wear face masks and socially distance for a few more months, because some people still could be contagious.

The first people to get the vaccine included healthcare workers as well as residents of nursing homes and assisted care facilities. This is due to the extraordinary toll that the coronavirus has taken in many of long-term care facilities. Although these residents represent only 1% of the U.S. population, this age group accounts for 40% of COVID-19 deaths to-date, more than 281,179.

If you haven't spoken to your doctor already, TSCL strongly encourages you to contact your primary care doctor very soon. Find out whether he or she recommends that you get a COVID-19 vaccine, and when you should get it. Learn about which vaccine is available, side effects for which you should monitor, and the time frame in which the two required doses will be administered. Find out where the vaccines are administered in your area. When you do get vaccinated, we hope you will share your experience—encourage friends and other family members to ask their doctor about getting vaccinated as well. ■

Sources: "What Seniors Can Expect When COVID Vaccines Begin to Roll Out," Judith Graham, Kaiser Health News, *December 9, 2020. "Here's Why Vaccinated People Still Need to Wear a Mask," Apoorva Mandavilli,* The New York Times, *December 8, 2020.*

Legislative Update

Will Our New Congress Pass a Benefit Boost?

By Shannon Benton, Executive Director

Shannon Benton, Executive Director

As our nation goes through the process of getting vaccinated for COVID-19 and getting our lives back on track, TSCL is working on a number of long-term issues that await Congressional attention. We expect policy makers in Congress will be turning their attention to the question of boosting benefits and restoring the long-term solvency of the Medicare and Social Security Trust Funds.

There is widespread support among older Americans for a benefit boost. TSCL surveys have found that 83% of survey participants think Congress should increase Social Security benefits by about 2% of the average benefit, roughly $30 per month ($360) in 2021. 62% of survey participants also favor a more generous annual Cost-of-Living Adjustment (COLA) by tying the annual inflation adjustment to the Consumer-Price Index for the Elderly (CPI-E), and 50% favor enacting a guarantee that COLAs would never be lower than 3%.

Congress has a number of options to pay for the higher benefits that drew strong support in our 2020 Senior Survey:

- 72% support applying the Social Security payroll tax to all earnings (instead of capping the amount of wages to be taxed at $142,800), a move that would reduce Social Security's long-term deficit by as much as 73%.
- 43% support very gradually increasing the Social Security payroll tax rate paid by employers and employees.

Shoring up the Medicare Part A Trust Fund will be more difficult. Simply cutting payments to hospitals would not be in the best interests of patients or hospitals, because many medical centers are already faltering financially.

During the pandemic, non-emergency elective hospital procedures were temporarily stopped to lower the risk of COVID-19 transmission, to preserve scarce personal protective equipment and to keep hospital beds available for COVID care. According to JAMA, the Journal of the American Medical Association, hospitals across the country have taken a major hit to their normal operating income. The American Hospital Association recently reported the average loss of revenues to U.S. hospitals of $50.7 billion per month from March 1, 2020 to June 30, 2020. We don't yet know how much more hospitals have lost through the end of 2020.

Policy experts question how patients will make up postponed care (some services can't be made up) and the degree to which delays in getting care will have adverse health consequences. Both of these concerns suggest that another type of surge for hospitals—the aftermath of postponed care—may be coming next. Cutting hospital reimbursements now could potentially limit access to care when Medicare beneficiaries need it the most.

TSCL will be working for legislation to ensure both hospitals and Medicare Part A weather COVID-19 and its aftermath to keep both strong and working for all who depend on Medicare! ■

***The Social Security & Medicare Advisor* © 2021** is published by The Senior Citizens League (TSCL). TSCL is an organization of active seniors concerned about the protection of their earned Social Security, Medicare, military, and other retirement benefits. TSCL's supporters participate in a number of grassroots lobbying and public education campaigns to help ensure governmental bodies live up to their commitments. Current active contributors to The Senior Citizens League are entitled to receive *The Social Security & Medicare Advisor* for no additional charge. Readers wishing to contact TSCL should address correspondence to The Senior Citizens League, 1800 Diagonal Road, Suite 600, Alexandria, VA 22314. TSCL website: www.SeniorsLeague.org. Editor: Mary Johnson.

CONGRESSIONAL CORNER

We Can Ensure Social Security and Medicare Work. There are Ways to Do Both!

By Representative Mike Garcia (CA-25)

Representative Mike Garcia (CA-25)

Social Security and Medicare are promises to our seniors we cannot break. Seniors need to know they can trust their guaranteed benefits—earned through hard work—will not change.

Workers who paid into Social Security and their spouses should not be penalized and lose earned benefits for working in public service and the private sector. If you paid into Social Security, this is your money, not a government entitlement or subsidy.

We must ensure benefits earned are benefits maintained. That's why I am proud to cosponsor H.R. 141, bipartisan legislation to eliminate the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) in our last Congress. The WEP and GPO unfairly penalize workers who paid into Social Security and earned benefits in addition to receiving a public pension through other work.

Specifically, the WEP reduces the earned Social Security benefits of an individual paying into the system from one job while receiving a public pension from a job not covered by Social Security. Educators are just one example of folks especially hard hit when they take a summer job. The GPO significantly cuts by two-thirds the spousal benefits of federal, state and local employees in jobs not covered by Social Security such as police officers, firefighters, and educators.

These provisions are outdated and unfair to many seniors, and it's time to repeal them. Workers who paid into Social Security and their spouses should not be penalized and lose earned benefits for working in public service and the private sector. If you paid into Social Security, this is your money, not a government entitlement or subsidy.

As we look to the start of the 117th Congress, my commitment to seniors and workers is to fully support Social Security and Medicare and to oppose cuts to these vital programs. We have many challenges ahead of us. We must keep the economy moving and growing again as we fight coronavirus. Government spending must get under control. And we must ensure Social Security and Medicare works for today's seniors and future generations. There are ways to do both!

I look forward to working with my colleagues on both sides of the aisle to tackle these challenges. As we do, we must remember our sacred commitments to preserve Social Security and Medicare to the seniors who served and built our country. ■

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

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.

How has COVID-19 Affected Your Taxes for 2020?

The 2020 tax document gathering season is here, and this year holds even greater challenges than usual for taxpayers. According to TSCL's annual Senior Surveys, about 50% of retired households pay taxes on a portion of Social Security benefits, and recent tax legislation that became effective in 2018 has had little effect on reducing that number. But that may change this year, especially for older workers who lost earnings due to business shutdowns. What will change for 2020? As you start gathering what you need to file your taxes, here's a checklist of four special considerations complicating the 2020 tax year:

Wages and working from home income. Were you working at the start of the COVID-19 pandemic? If you were, have you received a W2, or a 1099 for wages and earnings from your employers? It's important to understand the difference between these forms because it's a big one. If you receive a 1099, and your employer did not withhold payroll or federal income taxes, then you are considered an independent contractor, and responsible for reporting and paying your own self employment taxes, including the full 12.4% in Social Security taxes and 2.9% Medicare payroll taxes, as well as federal and state withholding taxes. If this is the first time you've been self-employed, the amount of tax liability can come as a shock, because you pay the full amount of the payroll tax, both your portion and the employer's matching portion of Social Security and Medicare taxes. If this is your situation, you may want to get the advice from a tax professional quickly, because you need to report and pay payroll taxes by specific deadlines in order to avoid late filing penalties. Hang on to your W2 and 1099s because you will need them as evidence of earnings to file your income taxes. If you lost a job, and receive unemployment compensation, that must be included as income.

Retirement account distributions. Coronavirus stimulus legislation (CARES Act) that was signed into law last March waived required minimum distributions (RMDs) in 2020 for anyone who owns a 401(k), 403(b), or IRA. In addition, major changes to RMD rules were already underway prior to the CARES Act. The SECURE Act, which was passed in 2019, extended the age requirement for starting RMDs. If you reached age 70½ in 2020 or thereafter, you may wait until April 1 of the year after you reach age 72 to take your first RMD.

Did you receive your Social Security 1099? If you receive Social Security benefits, the Social Security Administration sends out Form SSA-1099 in January. This form shows the total amount of benefits received from Social Security (prior to deductions) which is how much Social Security income to report to the IRS on your tax return. If you have not received it by mid- February, don't call or even try to visit a Social Security office, many of which have been closed during the pandemic. You can quickly and safely get a copy of your form by setting up an account at www.ssa.gov/myaccount/.

Will you need to itemize medical and other expenses, or is more advantageous to take a standard deduction? Ironically, COVID-19 has meant lower spending on healthcare costs in 2020 for many people. From the start of stay at home orders in mid-March, hospitals, outpatient clinics, doctors, dentists, eye doctors, and a host of other health care providers suspended non-COVID and elective medical care. On the other hand, that means that if you did seek medical care, chances are you had something really serious that could not wait—such as heart problems, stroke, or cancer. And you may have accumulated an equally serious pile of expenses. To figure out if itemizing would be better for your tax situation, you need to do the math.

The standard deduction for married filing jointly is $24,800 in 2020 and for single taxpayers or married individuals filing separately, the standard deduction is $12,400. If you do not itemize your deductions, you and/or your spouse may receive an additional deduction for being 65 years and older. You can qualify for an even higher standard deduction if either you or your spouse is blind.

However, if your income was lower than in previous years, and you have high medical expenses, you might be able to deduct more by itemizing. You may deduct the amount of total medical expenses that exceed 7.5% of your adjusted

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How Would President Biden Reform Social Security? continued from page 1

- **Increase Social Security's revenue by applying the 12.4% payroll tax to earnings above $400,000.** This new threshold would be fixed while the current wage base continues to increase. Eventually, all covered earnings would be taxed. Currently, the wage base taxed for Social Security purposes in 2021 is all wages up to $142,800. This amount is adjusted upward annually based on the growth in wages.
- **Use the Consumer Price Index for the Elderly (CPI-E) to increase the annual COLA, increasing COLAs by about 0.2 percentage point more per year.** Under current law the annual inflation boost is based on the costs experienced by younger worker adults, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) which does not survey the costs of retired adults age 62 and older.
- **Boost the benefits of people who have collected Social Security for at least 20 years by about $77 per month.** Research by TSCL has found that Social Security benefits have lost 30% of their buying power over the past twenty years. A boost of $77 per month would help make up for low COLAs over the past 12 years and provide higher benefits at a time of life when retirees may have spent down most of their savings.
- **Give caregiver credits for workers with children under 12, or family members with disabilities to offset the wages given up while caregiving.** Individuals who care for other family members often wind up with lower, or even no wages on their earnings record. Because Social Security benefits are based on an individual's 35 highest years of earnings, this results in lower Social Security retirement benefits. The credits would provide higher initial retirement benefits for new retirees who have spent time out of the workforce providing care for family members.
- **Boost surviving spouse benefits up to 75% of the combined household benefit.** Under current law, Social Security offers survivor benefits that are the same amount of the deceased spouse's benefit, if higher than the survivor's own retirement benefit. However, the surviving spouse must give up their own benefit. Thus, the death of a spouse can reduce household Social Security payments by as much as 50% of the total benefit prior to the spouse's death, assuming both received the same amount in benefits.
- **Eliminate the Windfall Elimination Provision and the Government Pension Offset.** Both reduce Social Security benefits of individuals and/or their spouse who have worked in a government job and one covered by Social Security.
- **Increase minimum benefit payments for new retirees up to 125% of the single person poverty level, which was $1,329 per month, $15,950 per year in 2020.**

An analysis by the nonpartisan Urban Institute found that, although President Biden's plan would boost payroll tax revenues, most of the new revenues would be devoted to expanding benefits. The analysis found that the new revenues would offset part of the new costs, but it would not raise enough revenue to cover all scheduled costs. The analysis further found that the plan would extend the life of the Social Security Trust Fund, but only by about five years.

Social Security solvency legislation that boosts benefits would be required to also provide 75 years of solvency to achieve passage. TSCL's surveys indicate that a large majority of you think that the Social Security payroll tax should apply to *all earnings,* not just the first $142,800. This one change is estimated to reduce the Social Security shortfall by as much as 73%. ■

Sources: "Updated Baseline for Actuarial Status of the OASI and DI Trust Funds, Reflecting Pandemic and Recession Effects," Stephen C. Gross, Chief Actuary, Karen P. Glenn, Deputy Chief Actuary, Social Security Administration, November 24, 2020.

President Biden campaigned on a Social Security plan that would boost Social Security benefits and pay for the higher benefits by increasing Social Security payroll tax revenues. But even so, a recent analysis of his plan by the nonprofit Urban Institute, a policy research organization, says that the Biden plan would not completely fix Social Security's long-term solvency.

ASK THE ADVISOR

Would My Mother's Social Security or Medicare Benefits Be Affected If Her Home is Sold?

Q: At age 87, my mom, who was widowed several years ago, is in need of assisted living and we are thinking of selling her home to finance her care. The house is worth about $525,000 according to Zillow. She has no mortgage and has lived in this residence for about 20 years. Would income from the sale of the home affect her Social Security or Medicare benefits?

A: The proceeds from the sale of a home would not reduce or restrict your mother's Social Security benefits, but capital gains generated from the sale could potentially mean that a portion of her Social Security benefits would be subject to taxation (or a higher level of taxation). In addition, capital gains could potentially result in higher Medicare Part B and Part D premiums. But chances are that your mom may be able to exclude most, if not all, of the capital gain from the sale of the home.

A portion of your Mom's Social Security benefits would become taxable if she exceeds certain income thresholds. If she files as an individual, with an income between $25,000 and $34,000 up to 50% of Social Security benefits are taxable, and with an income of more than $34,000, up to 85% of her Social Security benefits may be taxable. To determine income thresholds, add one half of her Social Security benefits to her adjusted gross income (including the capital gains), plus nontaxable interest, if any.

Medicare premiums might be affected if her modified adjusted gross income exceeds the income threshold, which in 2021 is 88,000 and up for individuals. If her home were to sell in 2021, any excess capital gains would not affect what she pays for premiums until 2023. In addition, there are provisions that would allow your mom to appeal the higher Part B premiums if she can show that she would be receiving a lower income than previously reported.

The proceeds from the sale of a home would not reduce or restrict your mother's Social Security benefits, but capital gains generated from the sale could potentially mean that a portion of her Social Security benefits would be subject to taxation (or a higher level of taxation).

Put simply, capital gains are the difference between what the owner paid for an asset such as a home, known as the cost basis, and what it is sold for. Taxpayers filing as individuals would not pay tax on the first $250,000 in capital gains. Married couples would be able to exempt $500,000.

To determine the amount of capital gains subject to taxation, the cost basis is adjusted. The adjusted cost basis is calculated starting with the price paid for the home, then adding purchase costs, such as closing costs, title insurance, and settlement fees. To this figure you can add the cost of any additions and improvements made, and selling costs, such as real estate agent commissions and attorney fees as well as transfer taxes.

We urge you to get help from a tax professional. Figuring the adjusted cost basis of a home for capital gains can involve numerous expenses, as well as items that decrease cost basis such as allowable depreciation, and insurance reimbursements for casualty and theft losses.

To see whether your mom qualifies for the capital gains exemption, check IRS Publication 523 for details. ■

Medigap Premiums : Are You One of the "62%"? continued from page 1

it's perfectly OK to plug in the numbers for your plan in the right hand column of the chart, below, to see how you compare.

Medigap premiums have been rising at a very fast pace since 2016. About 29% of Medicare beneficiaries have a Medicare supplement, known as Medigap, to cover Medicare out-of-pocket costs and to protect from catastrophic expenses for Medicare covered services. Medigap plans are popular because they provide "first dollar" coverage. Beneficiaries have no co-pays when they visit the doctor for covered services. There are 10 standardized plans "A" through "N," the most comprehensive of which, plans "C" and "F," were closed to new enrollees effective January 1, 2020.

Plans C and F were closed because in 2015 our elected members of Congress thought them too generous. Those plans cover the Part B deductible which is $203 in 2021. Some lawmakers argue that Medicare beneficiaries need to pay something out-of-pocket in order to reduce medically unnecessary visits to the doctor. Let that sink in.

However, those who have Medigap plans pay premiums that are significantly higher than other forms of supplementary coverage, such as Medicare Advantage plans, precisely because we want to have this sort of no-surprises

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ARE YOU ONE OF THE 62%?

	Cost-of-Living Adjustment	Medigap Plan F Premium Increase			
Year		**Bill**	**Jan**	**Mary**	**You**
2020	1.3%	10.0%	11.5%	11.5%	
2019	2.8%	11.0	12.2%	13.1%	
2018	2.0%	10.9%	10.7%	16.0%	
2017	0.3%	7.6%	12.9%	13.6%	
2016	0%	14.2%	NA	NA	
Total premium increase		66% *(since 2016)*	62% *(since 2017)*	66% *(since 2017)*	

Medicare Hospital Insurance Trust Fund Near Insolvency; continued from page 1

Medicare Part A pays for hospital in-patient care, as well as short term stays in skilled nursing facilities, home health and hospice services, in addition to covering a portion of payments paid to private insurers for the care of Medicare Advantage enrollees. It's funded through payroll taxes of 2.9% on earnings, with workers and employers each paying 1.45%. Workers pay Medicare taxes on all earnings. There is no wage limit subject to Medicare taxes as there is for Social Security.

The Medicare Part A outlook has worsened due to both the financial impacts of COVID-19 and the high levels of people out of work. Nationwide business closures, layoffs and salary cuts, have significantly reduced the amount of revenues received by the Medicare HI trust fund over the past year, while payments to hospitals were increased 20% by emergency legislation for COVID-related care, and the elimination of cost sharing associated with COVID treatments.

Addressing the Part A shortfall will be particularly difficult and contentious for everyone. To bring greater solvency to the HI trust fund, lawmakers will be faced with the politically unpalatable choices of reducing Medicare spending, which could include requiring that Medicare recipients pay more for their coverage and increasing the tax revenues received by

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Medigap Premiums : Are You One of the "62%"? continued from page 8

and no-second-guessing out-of-pocket-costs type of coverage. And concern is growing that by closing plans C and F to younger and more healthy new enrollees, premiums will spike for those of us who keep our plans.

Switching to a different Medigap plan other than "C" or "F" though, generally won't solve much of the cost problem. Unlike almost all other health insurance in the U.S., Medigap insurers are not required to cover pre-existing conditions except during an individual's initial enrollment period when they first turn 65 and enroll in Medicare. People who want to switch to another Medigap plan later on may wind up having to go through underwriting, may face waiting periods and exclusions of six months or more, and may pay premiums that are just as high or can be turned down altogether. While individuals are free to shop for a Medicare Advantage plan, once they switch, they may not be able to get their former Medigap plan back later if they change their mind.

Scariest of all, Congress soon may once again consider a proposal that would re-design the structure of Medigap. The idea is to shift even more costs to beneficiaries, with proponents saying it increases incentives for using medical services prudently." (When in reality it makes services more expensive so policy holders won't be able to afford care.")

The proposal would impose a new combined $750 deductible for Part A and Part B services, and Medigap plans would be restricted from covering it, a cost Medigap supplements don't have now. Currently, Medigap plans pick up almost all out-of-pocket costs. But under this proposal, enrollees' out-of-pocket costs are capped, including payments made on their behalf, at $7,500 before catastrophic coverage.

For spending that occurs after the deductible is met, but before the out-of-pocket cap, beneficiaries would be responsible for 20% of the cost of all services. Medigap policies would cover just half of that amount, meaning beneficiaries would be expected to pay an effective coinsurance rate of 10% (up to $750), a new expense that most purchasers of Medigap supplements don't have now.

The Congressional Budget Office recently estimated that re-designing Medigap in this manner would save the federal government $116 billion in spending on Medicare through 2028. This is a proposal that was universally loathed the last time TSCL surveyed retirees about it. But for those of you who are just learning about it, please share your comments with us. Let us know—are you one of the 62%? ■

It's not too late to take the 2021 Senior Survey at The Senior Citizens League's website—www.SeniorsLeague.org.

Medicare Hospital Insurance Trust Fund Near Insolvency; continued from page 8

Medicare. Congress last addressed Medicare Part A finances in the 2010 Affordable Care Act which, among other things, required hospitals to become more efficient in their delivery of care, while requiring that higher income workers pay a higher Medicare payroll tax rate.

This time, with large numbers of hospitals straining to care for COVID-19 patients, cutting payments to hospitals and increasing revenues is likely to be far more difficult. Hospitals across the country say they have been pushed to their financial limit. And simply raising payroll tax rates may not provide enough of a revenue in the short term if unemployment remains at high levels longer than anticipated. Payroll taxes cannot be collected from workers who are unemployed.

Even before the coronavirus pandemic Congress was facing tough decisions on how to strengthen the Medicare's Part A Hospital Insurance trust fund. But Congress is now running out of time and will need to move soon on a plan to prolong program solvency. ■

Source: "The Outlook for Major Federal Trust Funds: 2020 to 2030," Congressional Budget Office, September 2020.

SOCIAL SECURITY & MEDICARE QUESTIONS

Missing Medicare Part B Enrollment Deadline Triggers Penalties

Q: My daughter's father in-law lives with them and he looks really sick. I urged my daughter to take him to the doctor. My daughter tells me that she learned that he doesn't have Medicare Part B. He's 81 years old! After spending hours on the phone, she learned that he will have to pay an extra $160 per month for his Medicare Part B coverage, in addition to the $148.50 for 2021. Can this be correct? What can she do?

A: It sounds as though your daughter's father in-law didn't sign up for Medicare Part B by his enrollment deadline and is now subject to a late enrollment penalty. For each 12-month period he delayed enrollment in Medicare Part B, he will have to pay a 10% Part B penalty. A penalty of as much as an extra $160 per month in addition to the current premium of $148.50 for 2021, suggests that he is being penalized for a 16-year period he did not have Medicare coverage. That suggests that he didn't enroll at age 65. That would mean his base Medicare Part B premium could be $308.50 per month when he enrolls.

Unlike other government penalties, such as a tax penalty, the extra $160 per month is permanent, and is payable for the rest of the time he has Medicare. To avoid further penalties, we strongly urge your daughter to get her father-in-law enrolled in Medicare Part B as quickly as possible. If her father in-law only receives Social Security and has limited savings, he may qualify for a Medicare Savings Program that would pay the cost of the Part B premium.

However, he must first apply for Medicare Part B and pay the initial Part B premium to get the process started, and he only may do so during the Medicare General Enrollment Period. This period is going on right now, starting January 1 through March 31, each year. The application can be safely done online at the Social Security Administration's website. The coverage will not actually start until July 1, 2021. In the meantime, we recommend that you contact his local Medicaid or Senior Services department to learn if his income qualifies him for short term Medicaid coverage.

If his income is too high to qualify for either, your daughter may want to find out if the $160 penalty is really accurate. If she can find evidence that her father-in-law had qualifying health insurance coverage after turning age 65, such as through a former employer, even for a few years, that coverage may potentially reduce the amount of the Part B delayed enrollment penalty. This sort of digging can be difficult if her father-in- law has cognitive or memory issues now. Another family member or a former coworker may be able to help though, and at $160 a month, it's worth a few calls.

Your daughter can get free one-on-one counseling for her father-in-law through your State Health Insurance Program (SHIP). For more information about the Medicare Part B delayed enrollment penalty visit the Medicare interactive website of the Medicare Rights Center. ■

Best Ways to Save: How has COVID-19 Affected Your Taxes for 2020?
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gross income. For example, if your adjusted gross income in 2020 is $26,000, then you could deduct medical expenses exceeding $1,950, ($26,000 X .075 = $1,950). Medical expenses include premiums, out-of-pocket costs, payments for uncovered services, transportation to medical services, and durable medical equipment.

To learn more about which medical expenses you can deduct, see IRS. Publication 502, Medical and Dental Expenses, at www.IRS.gov. ■