THE SENIOR CITIZENS LEAGUE
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THE SOCIAL SECURITY & MEDICARE ADVISOR©

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Social Security Expansion Gets New Attention in U.S. House

The idea that Social Security benefits should be modestly boosted, with an across-the-board benefit increase and a more generous Cost-of-Living Adjustment (COLA), is getting some serious attention in the U.S. House of Representatives. For years, lawmakers have tended to focus almost exclusively on how to cut Social Security benefits, and by how much. In recent years, though, some Members of Congress have begun to realize that Social Security's financing problems aren't limited to the growing number of people starting benefits, and fewer workers paying into the system. They argue that Social Security benefits actually need boosting to support modern retirements, that can often last 25 years or more. Also, more Members of Congress are beginning to debate the fairness of how wages are taxed, or not taxed for Social Security.

The interest in strengthening the adequacy of Social Security benefits, while making the program solvent well into the future, is evident in the growing support for U.S. Representative John Larson's *Social Security 2100 Act* (H.R. 860) which he introduced with 200 House co-sponsors. The bill:

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FAILING TO LIFT DEBT LIMIT WOULD BE "DISASTROUS" FOR SOCIAL SECURITY AND MEDICARE

The federal government shutdown that occurred from midnight December 22, 2018, until January 25, 2019, was the longest in U.S. history. It was so disruptive that an analysis from Standard and Poor's (S & P) estimated that the shut down cost the U.S. economy $3.6 billion. While the government shutdown was terrible for all

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"Senior CPI" Would Provide More Adequate Social Security COLA Next Year

By Mary Johnson, editor

This may be difficult to believe, but consumer price index data suggests that the annual Social Security Cost-of-Living Adjustment (COLA) for 2020 could be close to zero next year—a mere 0.5 percentage point. This comes even as the costs of goods and services used by retirees are shooting upward according to responses to TSCL's 2019 Senior Survey.

My estimate is based on CPI data through March 2019 and projected through the third quarter of 2019, the quarter that the Social Security Administration will use to determine the COLA.

The COLA is calculated using data from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Of the CPI groups that the Bureau of Labor Statistics (BLS) measures, the CPI-W covers only 28% of the total U.S. population, and specifically excludes households "with no one in the labor force, such as retirees."

You read that right.

The index used to determine the COLA of retirees does not measure

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When You Can't Afford Your Prescription Drug Costs, Apply for "Extra Help"

By Rick Delaney, Chairman, TSCL

Rick Delaney, Chairman, TSCL

The high cost of prescription drugs has been the topic of recent Congressional hearings. The combination of high prices, and substantial beneficiary cost-sharing requirements under Medicare Part D, results in a terrible drug cost burden for many older Americans. About 16% of our 2019 Senior Survey participants report spending at least $250 per month on prescriptions, and half of that group (about 8% of those who participated in the survey), spent more than $420 per month.

The health policy journal, *Health Affairs* has reported on a number of studies that found the high out-of-pocket costs under current Medicare Part D can be hazardous to your health. High costs are associated with:

- Higher rates of abandonment of new drug prescriptions
- Reductions and delays in treatment following a new diagnosis or disease progression
- Delays between refills, or treatment interruptions
- Early discontinuation of treatment

Medicare has a program—known as "Extra Help" or the Part D Low Income Subsidy (LIS) that can help pay for some, or even most, prescription drug costs. Extra Help pays the Part D plan premium up to a specific benchmark amount. Drug costs for those who qualify are no more than $3.40 for each generic drug and $8.50 for each brand name drug. The program also eliminates the Part D "doughnut hole" which is also called the coverage gap. People who qualify may enroll in a Part D plan or switch plans once per calendar quarter during the first 9 months of the year. Typically Part D enrollees are locked in for a year and may only make changes during the fall Open Enrollment period. In addition, Extra Help eliminates any Part D late enrollment penalties the enrollee may have incurred in the past. Depending on income and assets, enrollees may qualify for full or partial Extra Help.

Applicants might qualify if their income and resources are low enough. (The value of a home, vehicles, personal possessions, life insurance, burial plots, and back payments from Social Security or SSI are not counted.). The chart, below, illustrates the qualification guidelines.

If you or someone you know is interested in learning more about Extra Help you may apply online at: www.socialsecurity.gov/i1020. Or call Social Security at 1-800-772-1213. ■

Source: "Addressing Out-of-Pocket Specialty Drug Costs in Medicare Part D: The Good, the Bad, the Ugly, and the Ignored," Health Affairs, *July 25, 2018.*

"Extra Help" Qualification Guidelines

	Monthly Income	Savings, Investments, Real Estate other than Primary Residence
Single person	Less than $1,518 per month	Less than $14,100
Married living with spouse and no other dependents	Less than $2,058 per month	Less than $28,150

Social Security Expansion Bill Introduced With Widespread Support In House

By Jessie Gibbons, Legislative Director

New legislation from Congressman John Larson (CT-1)—Chairman of the House Ways and Means Social Security Subcommittee—would boost Social Security benefits, reduce taxes for beneficiaries, and strengthen the financing of the program for generations to come. The *Social Security 2100 Act* (H.R. 860) was introduced on January 30th with the support of more than 200 cosponsors—more than any other Social Security reform bill to date—and The Senior Citizens League believes it has a real chance of advancing through the House of Representatives by the end of this year.

The *Social Security 2100 Act* would improve the Social Security program in four key ways if adopted. It would:

- **Make the Cost-of-Living Adjustment (COLA) more adequate.** Under current law, annual COLAs are based on the spending patterns of young, urban workers. This bill would better protect against the inflation that beneficiaries experience by basing the COLA on the Consumer Price Index for Elderly Consumers (CPI-E). On average, benefits would be 0.25 percentage point higher using this measure of inflation, which means your benefits would grow more quickly over time.
- **Boost Social Security benefits by around 2 percent.** According to our research, Social Security benefits have lost 34 percent of their buying power since 2000, due in large part to inadequate COLAs and rising Medicare premiums. An across-the-board benefit boost of around $35 per month is a modest change that most beneficiaries believe is fair and necessary.
- **Cut taxes for 12 million beneficiaries.** This year, around 12 million beneficiaries with incomes of just twice the poverty line paid taxes on their Social Security benefits. This bill would raise the income thresholds for the taxation of benefits—from $25,000 for individuals or $32,000 for married couples to $50,000 for individuals or $100,000 for married couples—so that those with modest incomes no longer see their benefits taxed each year.
- **Reduce senior poverty by creating a new minimum benefit.** Beneficiaries who worked long careers of thirty years or more in jobs with very low wages should not be retiring into poverty. The *Social Security 2100 Act* would ensure that these individuals receive a minimum Social Security benefit set at 125 percent of the poverty line.

Jessie Gibbons, Legislative Director

The *Social Security 2100 Act* would more than cover the cost of these four benefit improvements with two changes to the payroll tax. First, it would apply the tax to income over $400,000 so that the wealthiest workers contribute to the program more fairly. Under current law, income over $132,900 is not subjected to the payroll tax so millionaires and other high earners stop contributing to the Social Security program after reaching $132,900. The bill would also gradually increase the payroll tax rate from 6.2 percent to 7.4 percent. These two changes would ensure that the Social Security program remains solvent through the year 2100 and beyond.

The Senior Citizens League enthusiastically supports the *Social Security 2100 Act* since it would strengthen benefits while

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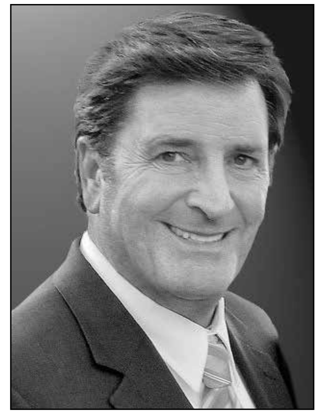
***The Social Security & Medicare Advisor* © 2019** is published by The Senior Citizens League (TSCL). TSCL is an organization of active seniors concerned about the protection of their earned Social Security, Medicare, military, and other retirement benefits. TSCL's supporters participate in a number 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

It's Time for Seniors to Get a Fair COLA

By Congressman John Garamendi (CA-3)



Representative John Garamendi (CA-3)

Social Security benefits and Cost-of-Living Adjustments (COLA) specifically, have not kept up with inflation. Americans everywhere agree: Social Security is not an entitlement; it is a benefit that seniors earn through decades of work serving our nation's economy. According to the Social Security Administration, approximately 63 million Americans received Social Security benefits in 2018, and of those 63 million, 72% were retired workers and dependents.

In 2017, seniors received a mere 0.3% COLA increase to their benefits. 2016 was even worse. For just the third time since Social Security was created, America's seniors received no Cost-of-Living Adjustment at all in 2016. However, in 2018, we saw the highest COLA in years: 2.8%. This is the largest increase since 2012, and we must continue this upward trend.

COLAs are calculated using the Consumer Price Index for Urban Wage Earners (CPI-W). This simply does not make sense for seniors. This method of calculation considers spending habits of younger workers who are more likely to spend their dollars on electronic devices and consumer goods. Seniors are more likely to spend money on medical services and housing expenses. The prices of these items rise significantly higher than what the CPI-W calculates.

According to The Senior Citizens League, recipients of Social Security have seen a 34% decrease in their buying power since 2000. Additionally, seniors who are enrolled in Medicare Part B programs, and those who own homes have faced particularly large cost increases. This is because COLAs have not kept up with the increase in seniors' expenses, and it is simply unacceptable. This needs to change.

That's why I am reintroducing my bill, the Fair COLA for Seniors Act, to ensure that Social Security works better for the people it serves. This bill would change from the current ineffective price index used to calculate COLAs to one tailored around the lives and needs of retirees. This index, the Consumer Price Index for the Elderly (CPI-E), accurately reflects how retirees spend their money, with a focus on healthcare and housing. It is a common-sense proposal that will allow for benefits to keep up with costs.

It is unfair and unjust to expect American seniors to settle for a COLA that is less than what they have spent their entire lives working for. This is why it is critical to base COLAs on an index that reflects what seniors actually spend their money on. It is time for Congress to take action and give our nation's seniors what they deserve. ■

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

Legislative Update: Social Security Expansion Bill Introduced with Widespread Support in House; continued from page 3

improving the solvency of the trust funds for decades to come. For years, Congress has been debating benefit cuts like "chaining" the COLA or increasing the age of eligibility. Finally, thanks to the voices of grassroots advocates and supporters like you, lawmakers are making progress towards a solution that would strengthen and improve the Social Security program.

In the months ahead, we look forward to working with Congressman Larson and the bill's cosponsors to build additional support. For updates on the progress of the *Social Security 2100 Act*, as it makes its way through Congress, follow The Senior Citizens League on Twitter or visit the Bill Tracking section of our website. You can also tell us how you think the Social Security program should be reformed by participating in our new 2019 Social Security Survey at www.SeniorsLeague.org. ■

Social Security Expansion Gets New Attention in U.S. House; continued from page 1

- Modestly strengthens benefits of all Social Security beneficiaries with a monthly benefit boost.
- Uses the Consumer Price Index for the Elderly (CPI-E) to increase the COLA, which would result in higher benefits over the course of a retirement.
- Increases the minimum Social Security benefit to ensure that the lowest benefit is 125% of the annual poverty guidelines.
- Lifts the income thresholds for federal income taxation of Social Security benefits from $25,000 to $50,000 for single filers and from $32,000 to $100,000 for joint filers, so that retirees with more modest incomes can keep more of their money.

The bill pays for boosting benefits and addresses Social Security's solvency by applying the Social Security payroll tax to all earnings above $400,000, and would allow credit for those earnings above $400,000 to be used in calculating slightly higher Social Security benefits. In addition, the bill would very gradually increase the payroll tax rate by 0.1 percentage point each year starting in 2020 until reaching 14.8% in 2043 and later. (Currently the payroll tax rate is 12.4%, with employees and employers each paying 6.2%.).

Representative Larson's bill has been analyzed by the Social Security's Office of the Chief Actuary, which found that, under the provisions of this bill, Social Security would be solvent for 75 years and "meets the conditions for sustainable solvency." What do you think of this approach? Please take our all new online 2019 Social Security survey at www.SeniorsLeague.org. ■

Failing to Lift Debt Limit Would Be "Disastrous" For Social Security and Medicare; continued from page 1

affected, failing to raise the U.S. debt limit, also called the debt ceiling, could make the recent shut down look like a tea party.

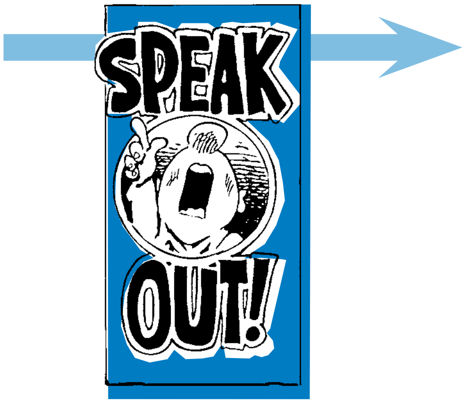
"Failing to raise the U.S. debt ceiling could be disastrous," warns The Committee for a Responsible Federal Budget, a group made up of leading U.S. economists, retired economic policy experts, and former Members of Congress concerned about reducing federal debt. If Congress fails to lift or suspend the debt limit in time, the inflow of Social Security and Medicare payroll taxes won't be sufficient to cover daily obligations. That could mean the U.S. Treasury could default on Social Security payments as well as payments to Medicare health plans.

The U.S. hit the most recent debt limit on March 2nd, just one month after the government shutdown ended. The U.S. Treasury is currently using "extraordinary measures" to temporarily keep the federal government funded, but the Congressional Budget Office estimates that the Treasury will run out of cash near the end of the fiscal year (September 30, 2019) unless Congress takes action.

A government shutdown occurs when Congress fails to pass the appropriations bills that allow agencies to operate. As a result, federal workers and government contractors temporarily don't get paid until after the shutdown has ended. But hitting the debt limit would have far more reaching effects. The debt limit is the legal limit on the total amount of debt the federal government may take on. That limit is especially important to older Americans because the federal government has used trillions in excess payroll tax revenues from the Social Security and Medicare Trust Funds in the past, and now must borrow in order to pay Social Security and Medicare benefits in full and on time.

Although Congress has often enacted "clean bill" debt limit increases, and may do so again, lawmakers have also paid for increases with other types of changes, including changes to Social Security and Medicare. In a 2015 debt limit deal, Congress ended a benefit option that was one of the few ways married couples could maximize their benefits. The change affected some people who were already 62 and entitled to benefits. It cost those affected, thousands in Social Security income that they were depending on getting.

In order to keep Social Security checks coming, in full and on time, Congress will need to work promptly to raise or suspend the debt limit in coming months. Failing to do so would be irresponsible, especially when more than 60 million Americans rely on Social Security and Medicare. TSCL believes that Congress has better options than benefit cuts for strengthening Social Security. What do you think? Please take our new online 2019 Social Security survey at www.SeniorsLeague.org. ■



How Can We Expand and Strengthen Social Security?

Social Security is forecast to become insolvent within the next 15 years unless Congress takes action. Should Social Security become insolvent, benefits would be cut by as much as 21% to match payroll tax revenues coming in. Yet benefit cuts alone aren't the only way to achieve program solvency. The following survey presents a number of options that would help strengthen the program, and several that would enhance benefits. Please review each question and select the answer that most closely agrees with your opinion.

Please fill out the survey, put it in an envelope, add first class postage and mail your responses directly to us at:

The Senior Citizens League
1800 Diagonal Road, Suite 600
Alexandria, VA 22314

The survey also may be taken online at www.SeniorsLeague.org.

1. With which of the following four statements do you most closely agree? Please read through each one, then select only one.

   ☐ *To make Social Security sustainable for the future, benefits need to be cut by 21% because we can't raise payroll taxes any higher than the current levels.*

   ☐ *To make Social Security more sustainable for the future, we should increase revenues by 2.78 % from 12.4% to 15.18%.*

   ☐ *To strengthen the adequacy of Social Security benefits for all recipients, and to ensure program solvency for decades to come, we need to gradually increase the rate of payroll taxes from 12.4% to 14.8% and to apply payroll taxes to wages above $132,900.*

2. Benefit cut proposals vary considerably but there are three main types. In general, which of the following types reflect what you would support? Check all that apply.

   ☐ *Reduce the Cost-of-Living Adjustment (COLA).*

   ☐ *Reduce the monthly level of benefits.*

   ☐ *Increase the eligibility age for Social Security benefits.*

   ☐ *I would not support any of the above.*

3. Which of the following types of benefit cuts would you support, if the cuts were to affect only the highest-income retirees (incomes over $250,000). Check all that apply.

   ☐ *Reduce or eliminate the Cost-of-Living Adjustment (COLA).*

   ☐ *Reduce the monthly level of benefits.*

   ☐ *Increase the eligibility age for Social Security benefits.*

   ☐ *I would not support any of the above.*

4. Should annual COLAs be eliminated for Social Security recipients having incomes higher than $85,000 (individual) or $170,000 (couples)?

   ☐ *Yes* ☐ *No* ☐ *Not Sure*

5. To increase revenues coming into Social Security, which of the following approaches would you support? Check all that apply.

   ☐ *Very gradually increase the Social Security payroll tax rate paid by workers and employers.*

   ☐ *Apply the Social Security payroll tax to a higher portion of earnings, instead of just the first $132,900 in wages.*

   ☐ *Apply the Social Security payroll tax to all earnings (like we currently do with Medicare taxes).*

   ☐ *Apply the Social Security payroll tax to investment income of the wealthy.*

   ☐ *Subject all Social Security income received by beneficiaries to taxation like pension income. All Social Security income would be fully taxable except for the portion representing the amount paid in.*

   ☐ *None of the above*

6. Under current law both the employee and employer pay 6.2% in Social Security taxes on wages, a total of 12.4%. Which of the following approaches to raising payroll tax revenue would you support? Check all that apply.
   - ☐ *Gradually increase the payroll tax rate by a total of 1% from 12.4% to 13.4%. Increase the tax 0.1 percentage point each year until employee and employer each pay 6.7%.*
   - ☐ *Gradually increase the payroll tax rate by a total of 2.4% from 12.4% to 14.8%. Increase the tax 0.1 percentage point each year until the employee and employer each pay 7.4%.*
   - ☐ *Increase the payroll tax rate by a total of 2.8%, from 12.4% to 15.2%. Increase the tax 0.2 percentage point per year until the employee and employer pay 7.6% each.*
   - ☐ *None of the above*
   - ☐ *Not Sure*

7. Under current law Social Security taxes are not applied to all earnings, but only to the taxable maximum, currently $132,900. All earnings are currently counted towards benefits. Which of the following changes would you most support? Check one answer only.
   - ☐ *Apply the payroll tax to all earnings. Credit the additional earnings for benefit purposes.*
   - ☐ *Apply the payroll tax to all earnings. No credit of additional earnings for benefit purposes.*
   - ☐ *Apply the payroll tax to all earnings to the taxable maximum ($132,900) and then to wages above $250,000. This would leave a gap where no payroll taxes are applied on wages higher than $132,900 and lower than $250,000. Credit the additional earnings for benefit purposes.*
   - ☐ *Apply the payroll tax to all earnings to the taxable maximum ($132,900) and then to wages above $250,000. This leaves a gap of where no payroll taxes are applied on wages higher than $132,900 and lower than $250,000. No credit of the additional earnings for benefit purposes.*
   - ☐ *None of the above*

8. How much should Congress boost Social Security benefits? Please check all that you would support.
   - ☐ *Increase average benefits across-the-board by about $30 per month.*
   - ☐ *Increase average benefits across-the-board by about $70 per month.*
   - ☐ *Establish a formula based on the average benefit which would boost low benefits more and high benefits less.*
   - ☐ *No benefit increase. We can't afford to increase benefits.*
   - ☐ *Not Sure*

9. How should Congress modify the annual Social Security COLA? Please check all answers that you would support.
   - ☐ *Base it on the CPI-E so it better reflects the inflation of recipients (average 0.2% higher COLA).*
   - ☐ *Base it on the "chained" CPI so it grows more slowly (average 0.2% lower COLA).*
   - ☐ *Guarantee an annual COLA no less than 3%.*
   - ☐ *Leave the COLA unchanged.*
   - ☐ *Not Sure*

10. Do you agree or disagree with the following statement: Congress should ensure those who worked long careers with low earnings receive Social Security benefits no lower than 125% of the poverty level, about $1,301 per month in 2019.

    ☐ *Agree* ☐ *Disagree* ☐ *Not Sure*

11. Do you support the following statement: To help the oldest Social Security recipients Congress should ensure those who have received Social Security for at least 20 years receive a boost in benefits.

    ☐ *Support* ☐ *Oppose* ☐ *Not Sure*

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Speak Out: How Can We Expand and Strengthen Social Security? continued from page 7

12. What is your greatest concern regarding the future of the Social Security program? Please check only one answer.
    - ☐ *My benefits will keep growing more slowly than my living expenses.*
    - ☐ *My benefits will be cut by Congress in order to reduce the deficit.*
    - ☐ *Social Security won't be around for future generations.*
    - ☐ *I don't have any concerns about Social Security.*

13. Undocumented immigrant workers who later receive legal work authorization may file a claim for Social Security benefits if they meet other eligibility requirements. Individuals who have evidence of earnings such as pay stubs and W2s may request that earnings from jobs performed prior to receiving legal work authorization be added to authorized work earnings for use in calculating Social Security benefits even when false, invalid or stolen Social Security numbers were used. Please check the answer below that most closely reflects how you feel about this policy.
    - ☐ *An undocumented immigrant worker who has Social Security payroll taxes withheld should be entitled to Social Security benefits based on all earnings, regardless of whether work was performed under invalid or false Social Security numbers.*
    - ☐ *If an undocumented immigrant worker has payroll taxes withheld for jobs worked under invalid or false Social Security number, those earnings SHOULD NOT be included for benefit calculations because the payments were made using fraudulent documents.*
    - ☐ *Not sure.*

"Senior CPI" Would Provide More Adequate Social Security COLA Next Year; continued from page 1

the spending patterns of retirees, but younger workers instead. Retirees, we all know, spend their money differently than younger people and must spend a far bigger share of their budgets on housing and medical costs—two categories of spending that often rise several times faster than overall inflation.

There are better and more fair choices for indexing the COLA. The BLS also measures the price change experience of All Urban Consumers (CPI-U) which covers about 88% of the U.S. population including retirees as well as younger people, and it even maintains a "senior-specific" experimental CPI, the Consumer Price Index for the Elderly (CPI-E), that our government has quietly tinkered with since 1983, but has never used to calculate the COLA.

The CPI-E tends to grow about 0.25 percentage point more quickly than the CPI-W on average, but there can be wide differences between the two. For example, if the CPI-E were used to calculate the COLA it would be 1.2% in 2020, vs. 0.5% based on CPI-W data through March 2019. We had similar situation in 2016 and 2017 when the COLA was zero and 0.3%, respectively. The CPI-E would have yielded 0.6% instead of zero, and 1.5% instead of 0.3%. Those are not big differences, but like interest, compound over time. For anyone depending on Social Security for half of their income or more, every dollar makes a difference—and in time may be enough to buy an extra week's worth of groceries.

This estimate is still just that—an estimate. The 2020 COLA is based on CPI data through September 2019 and won't be announced until October. Inflation could start going up again, but with the first five months of data so low, we are likely to see another low COLA in 2020.

Is this fair? Should Congress change the indexing of the Social Security COLA to strengthen Social Security benefits? Take our new online 2019 Social Security survey at www.SeniorsLeague.org. ■

SOCIAL SECURITY & MEDICARE QUESTIONS

Do I Need to Sign Up For Medicare?

Q: Help! I'm turning 65 soon. My daughter says I should sign up for Medicare, but I don't know what to do or where to begin. I work for a small company with 17 employees, where I get my health insurance now. About $25 a week is currently taken out of my paycheck for premiums. My current health coverage isn't that good. It has a $2,500 deductible and, because I'm still in good health, I've never been able to benefit.

A: Your daughter is giving you good advice. It is time to sign up for Medicare. If you are still working, and you aren't yet getting Social Security, then you won't get Medicare automatically, and you need to apply by your Initial Enrollment deadline. It's important to pay attention to Medicare's enrollment deadlines in order to avoid permanent late enrollment penalties or a lapse in your health insurance coverage, but there is excellent free unbiased help available to steer you through this, as near as your local agency on aging or senior center.

Here are some important tips to get you started:

- **The number of employees at your company determines whether you must enroll at age 65, or whether you can delay, and keep your employer insurance.** Because you work for a company with fewer than 20 employees, *Medicare pays first* once you turn 65. That means, if you miss your initial enrollment deadline, you would not be able to use your former employer coverage, even if you and your employer continued to pay the premiums. People who work for companies with more than 20 employees may delay enrollment and keep their current coverage as long as they meet certain rules.
- **Your Initial Enrollment Period starts three months prior to turning age 65, includes the month you turn 65, and ends 3 months after you turn 65.** *Advisor* editor Mary Johnson, who has helped dozens of friends and neighbors with their Medicare, highly recommends starting the Medicare enrollment process 3 months before you turn 65, in order to have your new coverage become effective in the month you turn 65. Enrolling in Medicare is done online through the Social Security website at www.SocialSecurity.gov. Look for the box that says, "Enroll in Medicare." Or you can get assistance to help you with this.
- **You will want to sign up for both Part A (hospital insurance) and Medicare Part B (doctor's and outpatient insurance).** Medicare Part A usually does not cost anything since the Medicare payroll taxes withheld from workers' paychecks pay for Part A. Currently the base premium for Medicare Part B (for individuals with incomes less than $85,000) is $135.50 per month. Medicare will send you a bill for three months at a time. You will need $406.50 for that first bill, and please note how quickly you must send it back (usually before the end of the month you received your bill.) There are several ways to pay. If you would prefer monthly billing, you may request that, but after you send in your first payment. Carefully read the information on your monthly bill to learn what you will need to do in order to request monthly billing.
- **In addition to Medicare Part A and B, you will need additional insurance.** Medicare alone does not cover everything, and there are considerable out-of-pocket costs that would suck your life savings right out of any nest egg you might have. You will need to decide between a supplemental insurance policy, known as Medigap, and a free-standing prescription drug plan, or to join a Medicare Advantage plan with prescription drug coverage. TSCL strongly recommends that you get free, unbiased counseling, to learn your options and to find the most reasonably-priced coverage for your needs. All areas of the country offer this Medicare counseling through State Health Insurance Assistance Programs (SHIP). Although the actual name of the program in your area may vary, you can find the programs operating through your area agency on aging, senior center, or get contact info here: www.shiptacenter.org
- **The cost of additional coverage varies significantly.** There are pros and cons that need to be weighed for the type of selection you make for your additional coverage. For example, you should ensure

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Social Security & Medicare Questions: Do I need to sign up for Medicare? continued from page 9

that your Part D or Medicare Advantage plan is selected based on the drugs you take, and the doctors and hospitals you actually use. (A Medicare benefits counselor will check this information for you on the Medicare website.) While the cost of this additional coverage varies, the coverage offered may be identical, and that is why we recommend getting help from a SHIP counselor, who can help you find coverage to keep your costs to a minimum. Medigap insurance, for example, costs more for the premium, but you would have minimal out-of-pocket costs. On the other hand, you might pay less for the premium of a Medicare Advantage plan, and perhaps get some additional benefits like vision care, but you would have co-pays or co-insurance for each service. In Central Virginia, for example, a Medigap G policy may be found for about $110 per month, and roughly $30 per month for the drug plan (or even less).

Get signed up for Medicare now in order to have your coverage start the month you turn 65! ■

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