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Defending Your Earned Benefits

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This Medicare Change Will Let Seniors Spread Out-of-Pocket Costs

Seniors who face high costs at the pharmacy will see relief starting in 2025, thanks to a new program designed to help seniors have more predictable drug costs throughout the year.

Called the Medicare Prescription Payment Plan, the program requires all Medicare Part D plans to provide the option to pay out-of-pocket prescription costs in monthly installments. Seniors who opt-in will start paying for their prescriptions the month they fill them, and the cost of each prescription will be divided over the rest of the calendar year. The Center for Medicare & Medicaid Services, the agency responsible for implementing the program, expects the plan to be beneficial for seniors with frontloaded drug costs.

To understand why and how the plan will work in action, see Example 1 in the table below.
If a senior filled a prescription with a cost of $1,200 in January, they would divide that cost across all 12 months to $100 a month. If they filled an additional $600 prescription in July, that $600 would be divided across the year's final six months, adding an additional $100 to the monthly payment, bringing it to $200.

Note:
Whether or not seniors opt into the Medicare Prescription Payment Plan, the total payments will be capped at the Medicare Part D out-of-pocket threshold. The threshold for 2025 is $2,000.

Medicare Prescription Payment Plan Impact Examples

Example 1: Frontloaded Drug Costs				Example 2: Spread Out Drug Costs		
Month	**Drug Cost**	**Payment**		**Month**	**Drug Cost**	**Payment**
Jan	$1,200	$100		Jan	-	$0
Feb	-	$100		Feb	-	$0
Mar	-	$100		Mar	$400	$40
Apr	-	$100		Apr	-	$40
May	-	$100		May	-	$40
Jun	-	$100		Jun	-	$40
Jul	$600	$200		Jul	-	$40
Aug	-	$200		Aug	-	$40
Sep	-	$200		Sep	$1,400	$390
Oct	-	$200		Oct	-	$390
Nov	-	$200		Nov	$200	$490
Dec	-	$200		Dec	-	$490
TOTAL	**$1,800**	**$1,800**		**TOTAL**	**$2,000**	**$2,000**

Likewise, in Example 2, we can see how the plan would work for someone whose drug costs are spread more evenly throughout the year.

In this example, the senior would not begin making monthly payments until they filled their first prescription in March. Then, they'd start paying $40 per month until they filled their next prescription for another $400 in April. And, when they filled their next prescription for $1,400 in September, their payments would rise to $390 per month. When they filled a third prescription to hit their out-of-pocket maximum in November, their monthly payments would be $490 for the rest of the year.

Any Medicare Part D enrollee will be eligible for the program. Seniors will first be able to sign up during open enrollment for 2025. However, they will be able to opt into the program at any time, whether that's prior to the start of a new Medicare Part D Plan year or in any month during the year. To sign up, seniors should contact their Medicare Part D sponsor, who will guide them through the process to opt into the program.

To learn more, visit the Medicare Prescription Payment Plan press releases on the Centers for Medicaid & Medicare Services website.

What is a "Flex Card"?

By Susan Stewart, Licensed Insurance Agent

"Flex Card" is a generic term for a prepaid card that gives additional benefits to people with certain Medicare Advantage plans. Different flex cards offer other benefits, which can include:

- **An extra dental, vision, and hearing benefit**. Let's say your plan gives you $2,000 in Dental, $400 for glasses, and a copay of $399 for hearing aids. The card is intended to help pay either a copay (as in hearing aids) or dental/vision costs that exceed your allowance. For example, if your flex card has a value of $500 and your glasses cost $450, you use this prepaid debit card to pay the $50 difference. If your hearing aid has a $399 copay, you can use the card to pay the copay for your hearing aid. The value of the card is a yearly allowance.

  It's crucial to note that this flex card is strictly for dental, vision, and hearing expenses. Attempting to use it for other purposes will not work. Additionally, as a prepaid debit card, it's important to know that some providers may prefer to use your entire benefit immediately rather than waiting for a bill. This misuse has led to fewer plans offering a flex benefit for dental, vision, and hearing.

- **Funds for purchasing over-the-counter (OTC) items.** Pain relief, vitamins, cold and allergy medication—a flex card can cover the things you might pick up at the pharmacy. It can also be used to purchase supplies like first aid, incontinence supplies, and nutritional supplement drinks. Some stores will have tags by the pricing on shelves that say "OTC eligible," which means you can use your flex card to purchase them. Next time you're in that section of your local store, look for these tags.

- **Funds for purchasing food and home supplies and helping with utilities or rent, among other things, depending on the carrier and the plan.** This is the most requested flex card benefit. The richest of these benefits are available to seniors with eligible levels of Medicaid in addition to Medicare. Each carrier calls its card by a different name.

To the dismay of people with Medigap/Medicare Supplement plans, these cards are unavailable with such plans. Only Medicare Advantage plans offer flex cards. Their availability can also vary by the county you live in, your specific plan, and other eligibility factors. It is important to remember that even if you have the same carrier as your cousin and they have a flex card, that doesn't mean one will be available for you.

Most importantly, read everything sent to you by your carrier and check other mail, too, because flex cards can be delivered in plain white envelopes that are easily dismissed as junk mail.

Educate yourself. Find out what your plan's flex card is meant for, as well as where and how to use it. Is activation required? If you need help, call the number on the back of the card and allow your carrier to educate you. The extra effort to educate yourself will save you frustration and ensure you get the most out of your flex card, whatever benefits it offers.

Benefits Bulletin: Medicare to Cover Wegovy for Most Senior Citizens

Edward Cates, Chairman of the Board, TSCL

Chair Ed Cates

The self-administered weight loss medication Wegovy came on the market in June 2021 with incredible promise. Clinical trials have shown that, on average, people who take it lose up to 15 percent of their body weight. That's a remarkable result, but unfortunately for seniors, it costs more than $1,000 per month out-of-pocket and hasn't been covered by Medicare Part D.

Until now, that is. This March, the Centers for Medicare and Medicaid Services (CMS) issued new guidance that directs Medicare to begin covering Wegovy.

There's a catch, of course: It will only be covered to reduce the risk of heart attacks or strokes, not for weight loss. However, that shouldn't pose a challenge to getting a prescription for most seniors who struggle with obesity. After all, obesity is a major risk factor for heart disease.

Making Wegovy available should extend the lives of millions of seniors. Nearly 42 percent of people in the U.S. aged 61 or older were obese in 2020, and heart disease is the leading cause of death among people aged 65 and older, according to the Centers for Disease Control and Prevention (CDC). What's more, virtually all projections expect obesity to become more prevalent in the future, so the impact of making Wegovy available should only grow with time.

The potential drawback of making Wegovy available is that its high price may drive up the cost of Medicare Part D plans. However, the Federal government will likely try to address this issue by selecting it for price negotiation, according to the Congressional Budget Office. This would lower the price of Wegovy for seniors, as well as the price of any other anti-obesity medications approved for Medicare Part D in the future.

TSCL feels that, if anything, this proves that the Federal government should extend its ability to negotiate drug prices for Medicare. Under the Inflation Reduction Act, Medicare can only negotiate the prices of 10 drugs for 2026, 15 drugs for 2027 and 2028, and 20 drugs for 2029 and beyond.

You can be confident that we will be working hard to advocate for legislation that makes more life-changing drugs available to seniors and allows the government to negotiate affordable prices for them in the future.

Congressional Corner: Seniors Need A Fair COLA

By Representative John Garamendi (CA-08)

Rep. John Garamendi

Americans everywhere agree: Social Security is not an entitlement but a benefit that seniors earn through decades of work serving our nation's economy. According to the Social Security Administration (SSA), approximately 70.6 million Americans received benefits from programs administered by the Social Security Administration in 2022.

Moreover, Social Security is one of the most successful anti-poverty programs in our country's history. In 1967, almost a third of American seniors lived in poverty. Today, thanks to Medicare and Social Security, less than ten percent of American seniors live in poverty.

However, Social Security benefits and cost-of-living adjustments (COLA) have failed to keep up with reality. In 2022, the Consumer Price Index (CPI) inflation rate reached a record-breaking 7.1%--the highest level since 1981. Yet, that same year, the COLA only increased by 5.9%. This was notably a marked improvement from the minuscule increases in the previous years. Nonetheless, these record-breaking inflation levels mean that Social Security benefits are falling fast behind the real prices of goods and services that seniors face.

A central part of this problem is that Social Security COLAs are calculated using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which fails to reflect seniors' expenses. This calculation method considers the spending habits of younger workers, who are more likely to spend their dollars on consumer goods. Seniors are more likely to spend money on medical and housing expenses. The prices of these items rise significantly higher than what the CPI-W calculates. From January 2022 to January 2023, consumer prices for shelter increased by 7.9%, significantly outpacing the 5.9% COLA adjustment.

According to The Senior Citizens League, Social Security recipients have experienced a 36% decrease in their buying power since 2000. In addition, seniors enrolled in Medicare Part B programs or who own homes have faced substantial cost increases. Moreover, out-of-pocket prices for prescription drugs have more than quadrupled since 2000. These significant price increases must be not only reflected, but also fairly weighed, in COLAs for Social Security benefits; our seniors deserve to have their benefits reflect the real price of their expenses.

That's why I reintroduced my bill, the "Fair COLA for Seniors Act of 2023" (**H.R.716**), to ensure that Social Security works better for the people it serves. This bill would change the current 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 allowing 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. It is time for Congress to act to ensure American seniors are provided with the resources and financial security they have earned for a safe and secure retirement.

Statements contained in this article are those of the writer and do not necessarily reflect the position of The Senior Citizens League.

Legislative Update:
New Proposal Would Repeal Taxation of Social Security Income

By Daisy Brown, Legislative Liaison

Daisy Brown

A bill proposed in Congress this January, the *You Earned It, You Keep It Act*, would save the typical senior hundreds of dollars per year by eliminating all taxes on Social Security income starting in 2025. Additionally, the bill would protect benefits for current and future generations by extending Social Security's solvency by 20 years, according to an estimate from the Social Security Administration's (SSA's) Chief Actuary.

Impact on Today's Seniors

Under current policy, 50 percent of Social Security income is taxable for seniors who earn more than $25,000 per year if they file an individual tax return, or $32,000 per year for married couples who file a joint tax return. For single filers who earn at least $34,000 and joint filers who earn at least $44,000, that number can rise as high as 85 percent.

The *You Earned It, You Keep It Act* would eliminate that tax burden altogether, and the impact on seniors' lives would be substantial.

TSCL estimates that if the bill had been implemented in 2022, the last year with available Census Bureau data on seniors' incomes, it would have saved the typical senior household $497.52 for the year. As shown in the table below, the median senior household earned $50,290 that year, with an average of nearly $20,000 coming from Social Security. Of that Social Security income, $4,146 would have been taxable without the bill, compared to $0 with the bill.

You Earned It, You Keep It Estimated Impact for 2022

	With the bill	Without the bill
Median senior household income	$50,290	$50,290
Average Social Security income	$19,998	$19,998
Taxable Social Security income	$4,146	$0
Total Taxes	**$3,543**	**$3,045**

Adjusting the numbers for inflation, TSCL estimates that the bill would have saved the typical senior household nearly $560 per year if it had been implemented in 2024.

While these numbers might not seem massive, they can quickly add up. The typical retirement lasts 18 years, according to the Census Bureau, which means that the bill could easily add $10,000 to the typical senior household's income total throughout their golden years.

Impact on Future Seniors

The *You Earned It, You Keep It Act* funds its increased benefits for seniors by increasing Social Security taxes on top earners. Under the bill, people would have to pay the 6.2 percent payroll tax on their first $250,000 of wages, compared to their first $168,600 today.

The bill's impact on the country's financial health would be substantial. In addition to extending the solvency of Social Security by 20 years, from 2034 to 2054, it would reduce the federal deficit by an estimated $8.9 trillion over the next 75 years, according to the SSA's Chief Actuary. In other words, the bill not only benefits the seniors of today, but ensures that more seniors of tomorrow will receive their fair share, too.

TSCL believes that the *You Earn It, You Keep It Act* is a good deal for seniors. If you agree, let your congressperson know by signing our petition at this link: https://seniorsleague.salsalabs.org/StopTaxingSocialSecurity/index.html

Most Retirees Fulfilled Despite Financial Struggles

More than half (59 percent) of retirees have concerns about their finances, according to a new survey of 560 retired Americans by MedicareFAQ. However, that doesn't mean they're not happy. Nine in ten seniors enjoy being retired, and 77 percent find their lives full of purpose and fulfillment.

What is it that makes retirement so satisfactory? It's not necessarily a lack of work, but rather, the opportunities that retiring creates for new pursuits. Virtually all respondents (93 percent) said they had more time to enjoy things they didn't have time for while working.

How are seniors using their additional free time in retirement? More than half (56 percent) said they spend more quality time with loved ones since leaving their professions behind. Nearly as many (43 percent) said they spent more quality time with their partner. What's more, 47 percent had picked up a new hobby.

Plenty also took the opportunity to chase their dreams. About one-third of participants had a bucket list, and of that group, 44 percent hadn't even started crossing items off until after they retired.

However, as you might guess based on the concerns we mentioned above, many seniors who took the survey felt their retirements could be even more fulfilling if they were in a better financial situation.

An incredible share of respondents—86 percent—wish they had saved more for retirement. That's not surprising considering retirees' income levels. In 2022, the last year for which Census Bureau data is available, the median household of people age 65 and older is just $50,290 before taxes. That's about one-third lower than the nationwide average of $74,580.

The income disparity between seniors and other Americans is a major reason that TSCL advocates for tying Social Security cost-of-living increases to the Consumer Price Index for the Elderly (CPI-E) instead of the Consumer Price Index for Urban Wage Earners (CPI-W), as current policy requires.

The CPI-E better reflects inflation for items that seniors spend the most on than the CPI-W. It also tends to come in about two-tenths of a percentage higher. That may sound small, but over the course of a 25-year retirement, would add up to more than $10,000. You have to love compounding interest.

So, what can seniors do in the meantime while TSCL advocates for switching cost-of-living increases to the CPI-E?

The most shared advice for a great retirement among survey participants was prioritizing financial planning and savings, taking your health seriously, and traveling as much as you can.

Best Ways to Save:
Cut Costs on Groceries With Community-Supported Agriculture

The average senior spent about $7,300 on food in 2022, according to the Bureau of Labor Statistics. That number has only gone up since, due to uncharacteristically high inflation that has especially affected agricultural staples like eggs, strawberries, oranges, and steak.

One way that seniors can continue to eat well amidst rising prices—or, save money on groceries at any time—is taking advantage of a Community Supported Agriculture program, or CSA.

In a CSA, customers, also known as "members," sign up with a local farm and purchase a share of that season's harvest. Members receive a box of fresh produce, eggs, or meat each week, with the contents changing depending on what the farm is currently harvesting.

Some CSAs will deliver the box straight to your door—a huge benefit for seniors who have transportation issues—while others will let you come to the farm and pick out the mix of whatever's available that best suits your needs.

A CSA usually provides food at a cost far lower than the grocery store. Prices vary by location, share size, and harvest season length, but yearly memberships tend to cost between $400 and $700, according to TastingTable.com.

It is important to note that participating in a CSA does come with some caveats.

First, you take on a degree of risk—the size of your share is dependent on the farm's harvest, so you may receive more food in a strong growing season and less in a weak growing season. Second, you don't get to choose which products you receive each week since your delivery is made up of the current harvest, but that may not pose much of an issue for seniors who enjoy fresh local produce and are accustomed to building great recipes out of whatever's in season. Third, you still may have to head to the grocery store, at least sometimes, to supplement your CSA share.

If you're interested in finding a CSA near you, one useful resource is the website Local Harvest (LocalHarvest.org/CSA). The site includes a tool for finding a CSA near you. It also includes tips on how to choose a CSA, questions to ask a farmer before joining their CSA, and tips on how to take the best advantage of a CSA program.

Ask the Advisor: *When do I have to start taking Medicare Parts A, B, and D?*

Q: I'm 62 years old and on track to retire when I'm 65. I know that I'll eventually need to sign up for Medicare Parts A, B, and D, but when is the best time to start?

A: Your first opportunity to sign up for Medicare is your initial enrollment period, which begins three months before you turn 65 and ends three months after the month you turn 65. Unless you choose to continue working while still covered by an employer health plan, this is the best time for most people to enroll because it ensures you'll avoid paying penalties for signing up too late, especially for parts A and B.

Enrolling in Medicare Part A is simple if you retire before age 65 or choose to retire within your initial enrollment period. You'll automatically be signed up when you start receiving Social Security benefits. At that point, you'll also have the option to sign up for Medicare Part B with no risk of incurring a penalty. You can enroll for Part D for the first time during its first enrollment period after signing up for Part A, from April 1st to June 30th each year.

If you or your spouse choose to continue working and delay collecting Social Security benefits to increase your monthly benefit amount, you can still sign up for Medicare Parts A, B, and D when you turn 65. If you choose to wait, you'll also receive a special enrollment period where you won't face any penalties. The special enrollment period gives you the option to sign up at any time while you're still working and covered by your group health plan, within eight months of when you or your spouse stop working, or within eight months of the group plan ending while you or your spouse continue to work.

You can also receive a special enrollment period for other circumstances, such as failing to sign up because you got inaccurate information from your employer or were impacted by a natural disaster. More information on these situations is available on the Medicare.gov page titled "When does Medicare coverage start?"

If you fail to sign up during your initial enrollment period or a special enrollment period, you can still enroll in Medicare Parts A and B during what's called the general enrollment period. The general enrollment period runs from January 1st to March 31st each year, but you'll likely face steep penalties if you wait this long.

The late enrollment penalty for Medicare Part A requires you to pay an additional 10 percent on your premiums for twice the number of years you didn't sign up. For Part B, you'll pay an additional 10 percent for each year you could sign up but didn't for the rest of your life, with potentially higher penalties depending on your income. For Part D, you'll pay an extra 1 percent each month (12 percent a year) if you didn't join a plan when you first got Medicare Part A or went 63 or more days without creditable drug coverage. Again, you also may face higher penalties depending on your income.

No matter when you sign up for Medicare, make sure you do it before you get hit with these penalties!

The Social Security & Medicare Advisor © 2024 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.* 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: Alex Moore.