TSCL—Defending Your Earned Benefits For 25 Years

THE SENIOR CITIZENS LEAGUE
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Legislation Ending "Surprise" Medical Bills Goes Into 2020

This month Congress took the first step to deal with the exploitative practice of "surprise" medical bills." Legislation is advancing in the House that would protect patients from surprise medical bills and set up the process by which health plans and providers would settle disputed billing amounts.

Both Democrats and Republicans are in agreement about one thing—they don't like surprise medical bills any more than patients. The bills can occur when a patient is unwittingly treated by doctors and other providers who are not part of their insurance plan's provider network.

Surprise medical bills can occur when patients are billed for using out-of-network providers even though they may be using an in-network facility. Patients receiving services often think they will only be responsible for the routine co-pay, but then get slapped with enormous bills for the services of out-of-network doctors.

The problem affects Medicare patients enrolled in Medicare Advantage plans when a provider who doesn't have a contract with their insurance plan charges them the full difference (or balance) between

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IT'S TAX SEASON

That Means More Scams Aimed at Older Taxpayers

It's tax season, and the IRS is warning about phone calls from criminals impersonating government officials. In the latest insidious twist on a scam related to Social Security numbers (SSN), scammers threaten to suspend or cancel your SSN. It's another nasty attempt by con artists to scare people into returning 'robocall' voicemails.

Scammers may mention overdue taxes in addition to threatening to cancel your SSN.

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How a Tax On "Wealthy" Retirees Ended Up a Tax On the Middle Class

Mary Johnson, editor

Roughly one-half of all retiree households report that a portion of their Social Security benefits is subject to taxation, according to TSCL's Senior Surveys. That's substantially more than expected from the time when the tax on benefits was first enacted in 1983. At that time, the tax was estimated to affect just 10 percent of Social Security beneficiaries. *The Congressional Quarterly* referred to this revenue change as 'taxing the benefits of high-income recipients.' And even Social Security's archives state that Congress intended that the taxation of benefits should not affect 'lower income individuals.'

The revenues from the tax on Social Security benefits are credited to the Social Security and Medicare trust funds and, in coming years, will provide a growing share of the programs' financing. The Social Security Trustees estimate that the tax on benefits will provide about $545 billion from 2019 through 2028, and will provide $398 billion in financing for Medicare over the same period.

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Rick Delaney,
Chairman of the Board, TSCL

TSCL Endorses Legislation that Would Help the Public Understand Social Security Benefits

By Rick Delaney, Chairman of the Board

People close to retirement sometimes tell us they don't have a clue about how much they will receive in Social Security benefits. This is concerning, because knowing your Social Security income is the key to retirement planning. Without understanding how much to expect, it's hard to plan how much money you need to save for retirement, or how long to stay in the work force and when to start benefits.

Getting information about your estimated benefits from the Social Security administration is often a chore. While all workers can access the information contained in the statements online at the My Social Security website, the online access has not been able to serve about 3 out of 5 people with My Social Security accounts. While we are not certain as to all the reasons behind this, anecdotal evidence suggests a lack of consistent access to computers or smart phones, and the internet are a major factor. The re-setting of forgotten passwords is sometimes a cumbersome process that has led to delays as new passwords have been sent to account holders by postal mail.

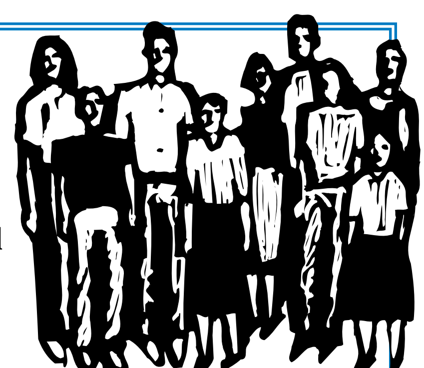
In the past, the Social Security Administration mailed out annual statements with estimated benefits before the birthday of every worker. But the mailing of those annual statements was suspended in 2011 as a cost-saving measure. Paper statements have been mailed on an irregular basis ever since. Today, the statements are only sent to people age 60 and older who are not getting benefits, and who don't have an account on the Social Security website.

New bipartisan legislation in Congress "Know Your Social Security Act" (S.2989) introduced by Reps. John Larson, (D-CT) and Vern Buchanan (R-FL) along with Senators Bill Cassidy, (R-LA) and Ron Wyden (D-OR) aims to get the mailing of Social Security statements going again for all workers age 25 and up.

The Senior Citizens League lends its enthusiastic support to the "Know Your Social Security Act." Every American who pays into Social Security has a right to see a written statement from Social Security to ensure that their record is accurate, and to learn the estimated amount of their benefits. A printed record also is important for those who do not have the means (financial or electronic) to routinely access their record online, and it serves as a critical planning tool for determining the best retirement dates. Regular receipt of these statements serves to remind and educate older workers of the benefits of staying in the workforce. Doing so strengthens retirement benefits, strengthens Social Security, and strengthens our national economy.

To stay informed about the status of legislation that you are interested in visit us at www.SeniorsLeague.org. ■

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.

Legislative Update

Shannon Benton,
Executive Director

Social Security Taxation Question Pushes Action on "Boost Bill" Into 2020

By Shannon Benton, Executive Director

Social Security benefit "boost" legislation under consideration in the House not only would boost benefits by about $70 per month on average, it also includes a provision that would allow senior taxpayers to keep more of their money. Under current law, up to 50% of Social Security benefits are taxable when the sum of the recipients' modified adjusted gross income, plus half of Social Security benefits, exceeds $32,000 for a couple filing jointly, or $25,000 for a single taxpayer. As much as 85% of Social Security benefits may be taxable when the income is above $44,000 for joint filers, or $34,000 single filers. Revenues from the taxation of Social Security benefits flow to the Social Security and Medicare Trust Funds, and go towards the financing of benefits.

The Social Security 2100 Act (H.R. 860), introduced by Representative John Larson and currently under consideration in the House, would replace the two-tier income threshold system with a single set of thresholds—$100,000 for joint filers and $50,000 for single filers. The bill would subject as much as 85% of Social Security benefits to taxation as under current legislation.

The bill would provide critical savings to millions of older taxpayers with modest incomes below the new threshold amounts. But, as frequently can happen when legislation is under deliberation, progress on the bill was recently put on hold. Lawmakers are considering how the revenues to the Social Security and Medicare Trust Fund would be allocated, and from where replacement revenues lost due to the tax cut would come.

As originally introduced, the bill tied all income taxes paid on Social Security benefits to the Social Security Trust Fund, and none to the Medicare Trust Fund. Instead, the bill specified that revenues destined for the Medicare Trust Fund would come from general revenues, in an amount equal to those that the trust fund was otherwise estimated to receive from the taxation of Social Security benefits.

However, a modification to the bill is under consideration that would provide a portion of the income taxes collected on Social Security benefits to the Medicare Trust Fund in the same manner and amount as current law. That modification, however, would have a big impact on Social Security's cash flow in the earlier years. According to the Joint Committee on Taxation, the change would lower the total amount of revenues going into the Social Security Trust Fund by $431 billion over the 2020–2029 period, and would not prevent Social Security from becoming insolvent by 2036.

Can the legislation be fixed in order to prevent this from happening? TSCL strongly believes that the cost of providing relief for the taxation of Social Security benefits can be worked out, *if there's a will in Congress to make it happen.* Provisions can be tweaked and phased in to make the budget math work. Your input at this point is critical. We urge you to write or call your Representative and ask him or her to help move this legislation that would boost your Social Security benefits, provide a slightly higher COLA, and provide a modest tax cut for millions of retirees with modest benefits.

In the months ahead, The Senior Citizens League will

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CONGRESSIONAL CORNER

Mediocre For All. *Rural Healthcare's Road Trip to Ruin*

By Representative Jodey Arrington (R-TX-19)

Representative Jodey Arrington (TX-19)

Traveling through the beautiful farmlands of early primary states, you can find the self-proclaimed champions of socialized medicine amid the flashes of cameras on the campaign trail. If you keep driving through, you'll see the harsh reality beyond presidential candidate photo-ops. You'll see the more than 100 rural hospitals that have closed in the United States since 2010, including two in my district in the last year alone.

Rural Americans who face unique challenges would also experience unique struggles under a one-size-fits-all healthcare plan. For years, the farmers, ranchers, and everyone living in our nation's breadbasket have endured inequitable access to quality care and medical services compared to their urban and suburban counterparts.

Rather than working on bipartisan legislation to solve the rural healthcare crisis, many of my colleagues have instead chosen the fantasy of "free" healthcare for all. In reality, "Medicare-for-all," as they call it—would put more than 1,000 rural U.S. hospitals in 46 states "at high risk of closure" among other devastating consequences, according to experts.

Generations have watched big-government, socialist systems fail, one after another, in countries experimenting with soviet-style, centralized planning. Medicare-for-all would be no different, leading to longer wait times and lowered standards of care at an unsustainable cost to the American taxpayer.

For nearly 30 million Americans, access to a trauma center is over an hour's drive. It's no exaggeration to say the fate of health care programs for rural America could mean life or death for the communities that feed, fuel, and clothe the rest of the country.

Texas has been hit the hardest by rural hospital closures, with 23 closures since 2013 and as many as 45% of rural and community hospitals operating in the red. By eliminating all private insurance with the single stroke of a pen, Medicare-for-all would force many of our state's already struggling hospitals to be reimbursed at lower rates, further complicating the financial solvency of rural health care providers.

And, given the unfunded mandates and billions of dollars in regulatory costs from Obamacare—the last attempt at government-controlled healthcare, Medicare-for-all would undoubtedly break the back of at least half of our rural health care providers.

Nationwide, the picture is equally bleak, with more than 60 million Americans at risk of losing access to the rural hospitals that serve their families. What's worse—in order to prevent rural hospitals from closing under a Medicare-for-all regime, Medicare would have to increase hospital payments up to 60% higher than current Medicare rates.

You don't need to be a doctor to understand that Medicare-for-all would mean access to quality health care for none. So, as presidential candidates continue their road trip to ruin for rural America, remember that the hollow promises of a $34 trillion government-run proposal would disproportionately affect the families who work every single day to feed and clothe you and your families.

Medicare-for-all would be mediocre for all…at best. ■

Jodey Arrington represents Texas' 19th Congressional District in the U.S. House of Representatives and is a member of the House Ways and Means Committee.

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

Social Security Taxation Question Pushes Action on "Boost Bill" Into 2020; continued from page 4

continue to advocate for these and other policy solutions that would strengthen and enhance Social Security benefits for current and future beneficiaries. For progress updates, follow The Senior Citizens League on Twitter. ■

BEST WAYS TO SAVE

How Much of Your Retirement Income is Taxable?

Taxes on retirement income take many retirees by surprise, and recent tax changes that took effect in 2018 made planning even harder for some people. While still working, employers withhold estimated taxes from each paycheck. But once retired, it's up to you to carefully calculate and manage withholdings from retirement income, which may come from a variety of sources, each with slightly different tax treatment.

It's important to be sure to have enough tax withheld from major sources of retirement income, or face a nasty tax bill April 15th. Here's some information on how three major sources of retirement income are taxed:

1. Ninety-six percent of participants in TSCL annual Senior Surveys say they receive Social Security benefits and 50 percent report that a portion of their benefits are taxable. If you are single and your adjusted gross income (AGI) plus nontaxable interest and one half of your gross annual Social Security benefits are more than $34,000 (or $44,000 for married joint filers), up to 85% of your Social Security benefits may be taxed. If you don't want to send in quarterly estimated taxes every calendar quarter, you can use IRS Form W-4V to withhold a fixed percentage from your Social Security benefits: 7%, 10%, 12% or 22%.

2. Pensions from former employers are becoming more scarce, but 62% of participants in TSCL's Senior Surveys report a pension as a source of retirement income. If you did not contribute money toward your pension, or your employer did not withhold pension contributions from your paycheck, you should expect to pay federal taxes on your pension at ordinary tax rates. If you contributed after tax dollars to your pension, your pension payments are only partially taxable. Your pension manager may already withhold taxes from your pension, or you can opt to have taxes withheld by using IRS Form W-4V and electing the number of allowances you would like to claim.

3. Savings including 401(k)s and traditional IRAs are owned by 59% of participants in TSCL's Senior Surveys. Tax rules that require you to start taking required minimum distributions (RMD) from retirement accounts recently changed. Retirees who turn 70½ in 2020 and thereafter, can start distributions at age 72 instead of age 70½. Such distributions are taxed as ordinary income, since they are funded with pretax money. Roth IRAs are the exception, and don't require mandatory distributions. You can ask the bank or custodian of your retirement accounts to withhold a flat rate percentage from your distributions.

To learn more about withholding get IRS publication 505 Tax Withholding and Estimated Tax can help at www. IRS.gov. ■

Legislation Ending "Surprise" Medical Bills; continued from page 1

what the insurer approves and what the provider charges. It can also affect patients who are treated by a doctor who does not have a contract with Medicare, although this is more rare—about 90% of all doctors do. Patients have wound up with surprise medical bills that can be in the tens of thousands of dollars.

Research indicates that as many as one-out-of-five visits to emergency rooms, and 16 percent of in-patient hospital admissions, can result in a surprise bill. Almost 85 percent of participants in TSCL's annual Senior Survey support legislation that would restrict these high bills.

TSCL supports efforts to protect Medicare beneficiaries from surprise medical bills and encourages Congress to continue moving this legislation. How the Senate responds is still up in the air as of this writing, and Medicare Advantage enrollees would still be at risk of getting these abusive bills. ■

Sources: "Congress's New Plan to End Surprise Medical Bills, Explained," Dylan Scott, VOX.com, December 9, 2019. "Ban on Surprise Medical Bills May Pass After All," Margot Sanger-Katz, The New York Times, *December 8, 2019. "Congress Leaves the Surprise Medical Bill Plague Untreated,"* USA TODAY, *December 23, 2019.*

ASK THE ADVISOR

Are My Medical Expenses High Enough to Deduct From My Income Taxes?

Q: I was diagnosed with cancer in 2019 which required surgery and considerable follow-up treatment. I also required extensive dental work during the year. My medical and dental expenses alone totaled more than $13,000, and that does not include my husband's premiums and out-of-pocket costs, which were close to $6,000. Will we be able to deduct these expenses on our income taxes? We were unable to deduct our routine medical costs last year.

A: New legislation retroactively extends several tax breaks that include the amount you may deduct in medical expenses. The threshold for itemized medical expense deduction was one of the breaks extended. The threshold under the 2017 tax law was originally scheduled to rise from the excess of 7.5% of adjusted gross income (AGI) to 10% of AGI for the 2019 tax year. But new legislation extended the 7.5% AGI level.

That said until you crunch the numbers it's hard to say whether itemizing your medical expenses or taking the standard deduction would be the better option.

Here's a hypothetical example to illustrate the math: Let's assume that you double check your expenses and discover some commonly overlooked medical expenses (such as transportation mileage to and from the doctor appointments). With that, and your husband's medical expenses, let's assume that your medical expenses total $20,000, and that your AGI is about $50,000. Seven and one-half percent of $50,000 is $3,750. That leaves $16,250 in excess medical expenses that you might potentially deduct.

On the other hand, the standard deduction for 2020 has increased slightly and is $24,800 for married couples filing jointly. In addition, if both you and your spouse are age 65 and older you add an extra $1,300 to the standard deduction for a total standard deduction $26,100. That means your total itemized deductions will need to be higher than $26,100.

Here are some other deductions you might be able to itemize:

- State and local property taxes up to $10,000.
- Interest on a home mortgage on loans up to $1 million if you signed your mortgage prior to December 15, 2017, or up to $750,000 on loans signed after that date.
- Charitable contributions, and the donation of goods, provided you have receipts for the donations.
- Net qualified disaster losses from a federally declared disaster.

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It's Tax Season: That Means More Scams Aimed at Older Taxpayers; continued from page 1

If you receive a call threatening to suspend your SSN for an unpaid tax bill, just hang up. This is a scam.

No matter what the caller says, NEVER give out sensitive information including SSNs, checking account numbers, or addresses over the phone. Here are some signs of this scam. The IRS and its authorized private collection agencies will never:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, iTunes gift card or wire transfer. The IRS does not use these methods for tax payments.
- Ask a taxpayer to make a payment to a person or organization other than the U.S. Treasury.
- Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying.
- Demand taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.

You can report these calls in the following ways:

- Report the call to the Treasury Inspector General for Tax Administration.
- Report the caller ID and callback number to the IRS by sending it to phishing@irs.gov. The taxpayer should write "IRS Phone Scam" in the subject line.

Watch this video from The Federal Trade Commission about how this scam operates: https://youtu.be/yPY-HFXZS24. ■

Source: IRS Tax Tip 2019-149, October 24, 2019.

How a Tax On "Wealthy" Retirees Ended Up a Tax On the Middle Class; continued from page 1

But unlike other parts of the tax code which are adjusted for inflation, such as income brackets, the income thresholds that subject a portion of Social Security benefits to taxation have never been adjusted. Today, the Social Security benefits of even modest-income retirees—those who have modified gross incomes of more than $25,000 (single filers) or $32,000 (joint filers) are affected by the tax. Had the income thresholds been adjusted for inflation, the $25,000 threshold for single filers would be about $63,137 today, and the $32,000 threshold for joint filers would be about $80,815, using the Bureau of Labor Statistics' inflation calculator. As one of my colleagues points out, even these inflation-adjusted levels today, "are not exactly wealthy."

New retirees can be caught off guard by the tax, and the Social Security Administration's information about it can be easily misconstrued. Information about the tax on Social Security website says that the tax affects retirees with "substantial income." It states:

> Some of you have to pay federal income taxes on your Social Security benefits. This usually happens only if you have other substantial income in addition to your benefits (such as wages, self-employment, interest, dividends and other taxable income that must be reported on your tax return).

Few people today think of income as low as $25,000–$32,000 as 'substantial' income.

To determine the taxpayer's modified adjusted gross income, half of Social Security benefits are added to the adjusted gross income, plus any tax-exempt interest, and certain other tax-exempt income. To calculate the taxable portion of benefits, you can find a worksheet in IRS publication 915.

Legislation is currently under consideration in the House, The Social Security 2100 Act (H.R. 860), that would adjust the income thresholds that subject Social Security benefits to taxation, from $25,000 to $50,000 for single filers and from $32,000 to $100,000 for joint filers. According to a survey by The Senior Citizens League, 55 percent of survey participants support lifting the threshold for taxation of Social Security benefits to those levels, and only 12 percent oppose. The bill would pay for this, as well as providing a boost in Social Security benefits and a more generous cost-of-living adjustment, by increasing the amount of wages subject to payroll taxes and by very gradually increasing the tax rate that workers and employers pay.

Will you pay taxes on a portion of your Social Security benefits? Take TSCL's annual Senior Survey: SeniorsLeague.org/2020survey. ■

Are My Medical Expenses High Enough to Deduct From My Income Taxes? continued from page 6

Keep in mind that this is not a comprehensive list or tax advice, but provided to give you an idea of the steps you need to take to learn how to reduce your tax bill. TSCL strongly recommends that you get help preparing your taxes from a tax professional who can explain your options and get you every tax break to which you're entitled.

To learn more about what you may itemize and how much you can deduct, visit www.IRS.gov and download instructions for Schedule A Form 1040 Itemized Deductions.

For a complete list of qualified medical expenses, see IRS Publication 502. ■

SOCIAL SECURITY & MEDICARE QUESTIONS

I Thought My Co-pay Would Be $47—Why Did I Have to Pay $453.45?

Q: I'm enrolled in a Part D drug plan. I thought I would get my brand name drug Eliquis, for a $47 co-pay, but I was charged $485.45. Why was that?

A: There could be several reasons that can cause sticker shock at the pharmacy. Here are some tips for checking the charges and understanding the costs associated with your new drug plan:

1. Locate the booklet of information about your drug plan for 2020. Your drug plan is required to send you "Evidence of Coverage" for 2020, a booklet that outlines your plan's coverage for your prescription drugs, and what you pay in general. If you don't have that information from your

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I Thought My Co-pay Would Be $47—Why Did I Have to Pay $453.45? continued from page 7

drug plan, or if you don't see answers to your specific questions, you can call the customer service representative of your drug plan directly, or you may find information about your drug plan online by searching drug plans at www.Medicare.gov.

2. Check to see if your drug plan has a deductible, and how much the deductible should be. The number of drug plans that are charging a deductible increased in 2020, and a larger percentage of the plans is charging the full standard deductible of $435 in 2020. A deductible is the amount you pay before your coverage kicks in. Deductibles can vary in how they are applied. You may get coverage for generics from day one, but you are probably going to be required to satisfy a deductible for your Eliquis. Of particular note, enrollees in the SilverScript Choice plan paid no deductible in many regions of the U.S. last year, but they will pay as much as $435 in 2020. A similar situation affects enrollees of the Humana Enhanced plan, who paid no deductible in 2019. For those who chose to remain in the plan—which is now called Humana Premier Rx, they will pay a $435 deductible.

3. Check to see if Eliquis is covered by your drug plan and the cost sharing for the tier in which it is listed. Many drug plans have five tiers covering preferred generics, generics, preferred brands, non-preferred brands and specialty drugs. Check to see where Eliquis fits in on these tiers (probably preferred or non-preferred brand). It's not uncommon for insurers to move a drug from preferred brand to non-preferred brand status, causing you to pay more out-of-pocket. For example, your plan in 2019 may have charged a co-pay of $47 for preferred brands, but if Eliquis was moved into a non-preferred tier in 2020 you might have to pay 50% co-insurance or about $235.00.

4. Find out which drug store has the lowest cost-sharing before you fill. Your cost sharing can be dramatically higher depending on where and how you fill your prescription (retail versus mail order). Make sure you are using a preferred vs. standard network pharmacy and compare the prices of retail pharmacies with getting a 90-day supply from your drug plan's mail order pharmacy. For example, if you are enrolled in the Wellcare Wellness Rx plan and get your Eliquis from a *standard* in-network pharmacy, your copay for Eliquis *after the $435 deductible* would be $47 during the initial coverage phase, and $117.38 in the Part D coverage gap. However, if you get your Eliquis from a *preferred* in-network pharmacy the co-pay is $40.00 during the initial coverage phase and $113.36 in the coverage gap. Depending on where you live, and your drug plan's mail order pharmacy, sometimes you may save a little more using mail order.

5. Get free one-on-one counseling. If all this makes you want to run away screaming, but you still have questions, just call your State Health Insurance Program (SHIP). You can get free one-on-one Medicare benefits counseling that can help you check your drug plan and figure out your charges. Many of these programs operate through local area agencies on aging. You can find local contact information at this website: https://www.shiptacenter.org. ■

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