



BACKGROUND:

In July 2016, the Medicare Trustees Report announced the Medicare Part B premium would likely rise again in 2017. Additionally, Social Security currently estimates that a cost-of-living adjustment (COLA) for 2017 may be very small (approximately 0.2 percent).¹

Current law prohibits Medicare from passing along to Social Security recipients any Part B premium increase that is greater than the amount they would receive as a result of their annual Social Security COLA. Approximately 70 percent of Medicare recipients, who also receive Social Security benefits, are protected by this so-called “hold harmless” provision. As a result, Medicare applies the entirety of the planned increase in Part B premiums to the remaining 30 percent of Medicare recipients not covered by the “hold harmless” provision. That 30 percent includes many OPERS retirees who do not receive Social Security benefits.

Last year, a similar problem arose when Social Security announced there would be no COLA for 2016. Medicare had called for an increase in standard Part B premiums. For Medicare Part B participants who were not “held harmless” they potentially could have seen increased premium costs of 52 percent (from \$104.90 to an estimated \$159.30).

After extensive outreach and advocacy from OPERS, our retirees and other impacted groups, Congress acted late last year to include an amendment in the Bipartisan Budget Agreement of 2015 to limit the increase on those not “held harmless” when Social Security recipients experience a zero percent COLA. For 2016, Medicare Part B premiums for that population did rise from \$104.90 to \$121.80; however, the much larger predicted increase was avoided.

CURRENT ISSUE:

The amendment approved by Congress as part of the Bipartisan Budget Agreement will not apply in 2017 if a non-zero COLA is enacted. Given the estimate of a very small 0.2 percent COLA, those same individuals not “held harmless” in 2016 could see their Medicare Part B premiums increase again in 2017 from \$121.80 to an estimated \$149.00, an additional increase of 22 percent over 2016. OPERS retirees will be faced with a substantial increase in Med B premiums at a time when other health care costs are rising.

OPERS has over 144,000 Medicare-eligible retirees and dependents. While OPERS continues to provide access to health care coverage for our retirees, the potential premium increase will impact a population already on fixed incomes.

ACTION REQUESTED:

We are asking Congress and the Administration to take steps this fall, as they did last year, to pass a bill with language to ensure that Medicare Part B premiums do not increase dramatically for individuals not “held harmless” in the event of a small non-zero COLA increase for Social Security.

If necessary, OPERS will be working with our members and stakeholders to educate members of Congress about the serious consequences of the situation. An education and advocacy campaign may begin once the announcement on the COLA occurs. Staff will be reaching out to make appointments and discuss the issue.

¹ The 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (<https://www.ssa.gov/oact/TR/2016/tr2016.pdf>), p. 35.