



Ohio Public Employees Retirement System

October 1, 2015

The Honorable John Boehner
U.S. House of Representatives
1011 Longworth
Washington, D.C. 20515

Dear Speaker Boehner:

I am contacting you on behalf of the Ohio Public Employees Retirement System ("OPERS") to express our concerns regarding the scheduled 52 percent increase in Medicare Part B premiums for 2016. This unprecedented increase will significantly burden thousands of Ohio's retired public employees, many of whom live on modest, fixed incomes and already have incurred increases in their health care expenditures. As such, we are asking for your assistance in addressing this increase in Medicare Part B premiums for 2016.

In July, the Medicare Trustees proposed an increase in Medicare Part B premiums for 2016. Separately, the Social Security Administration recently announced that, as a result of low inflation, recipients likely will not receive an annual cost-of-living-adjustment ("COLA") next year. For the vast majority (approximately 70 percent) of Medicare recipients, the fact that they will not receive a COLA adjustment in 2016 also means that their Medicare Part B premiums will not increase. This is due to an obscure "hold harmless" provision within the Social Security Act that acts to protect certain Social Security recipients from increases in Medicare Part B premiums if their annual COLA is insufficient to cover the increase.

The unfortunate and perhaps, unintended result of this provision is that the planned increase in Medicare Part B premiums will be charged, to the remaining 30 percent of Medicare recipients because they are not eligible for the "hold harmless" provision. Because the projected premium increase is spread across a much smaller population, the per-capita increase rises to \$54.40, an increase of almost 52 percent.

This alarming increase affects individuals whose incomes exceed certain thresholds, and those who, by virtue of their lower-income status, are "dually eligible" for Medicare and Medicaid and whose Medicare Part B premiums are paid by state governments. Newly-eligible individuals – those who turn age 65 in 2016 – will be impacted, as will individuals who do not have their Medicare Part B premiums deducted from their Social Security benefits. This last population –



those individuals who do not or cannot have their Medicare Part B premiums deducted from their Social Security benefits – is made up of our retirees, who are your constituents. Because Ohio is a non-Social Security state, many of our public employees have not contributed to Social Security throughout their careers and, as a result, do not receive Social Security benefits. As a part of the affected population, our members are, in effect, subsidizing the Medicare Part B premiums for a majority of the Medicare population and will pay dramatically higher costs for coverage.

We look forward to working with you to identify a solution that will ensure our members, and indeed, all Medicare participants who are not eligible to be “held harmless,” are considered before this increase takes effect.

We will be contacting your office to discuss this situation further. We appreciate your attention to this urgent issue and thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Karen E. Carraher".

Karen Carraher
Executive Director