

NARFE Applauds Kerry for Bill to Protect Federal Retirees from the 2011 Medicare Premium Increase
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Joseph A. Beaudoin, president of the National Active and Retired Federal Employees Association (NARFE), today praised Sen. John Kerry, D-MA, for his decision to introduce the "Medicare Premium Fairness Act" when the Senate convenes for the lame-duck session in mid-November. The bill would protect all Medicare beneficiaries -- including federal civil service annuitants who are not eligible to receive Social Security -- from an increase in their Part B premium in 2011, when they will not receive any cost-of-living adjustment (COLA).

Today, the Centers for Medicare & Medicaid Services (CMS) announced that most Medicare beneficiaries will continue to pay the same \$96.40 premium they have paid since 2008. However, more than a million public-service retirees not eligible for Social Security benefits will pay \$115.40 a month in 2011.

"This bill is about equity for all Medicare beneficiaries, because without it, federal, state and local government retirees who are not Social Security-eligible would have to pay the Part B rate hike in a no-COLA year, while Social Security beneficiaries would not," said Beaudoin. "We applaud Sen. Kerry for taking the lead on this important legislation."

The Bureau of Labor Statistics announced on October 15 that no COLA will be paid to Social Security beneficiaries and federal civilian and military retirees in 2011, and the Congressional Budget Office (CBO) has predicted the possibility of no COLA for 2012. Under present federal law, about 73 percent of Medicare beneficiaries are not required to pay -- or are "held harmless" - - for the increase in Part B premiums in any year when they receive no Social Security COLA.

However, there are four groups of older Americans who are not protected by the "hold harmless" provision, including more than one million federal, state and local government retirees who are not eligible to receive Social Security benefits. Absent a change in law, they would not only have to pay the higher Part B premiums without a COLA, but also absorb the costs of other Medicare beneficiaries currently "held harmless." In addition, federal annuitants will shoulder an average 7.3 percent increase in their Federal Employees Health Benefits Program premiums.

Sen. Kerry's bill would shield all older Americans from the Part B premium increase in 2011, including public service retirees who are not eligible for Social Security. That means no one would pay the Part B increase next year.

Similar legislation passed the House of Representatives by a vote of 406 to 18 in September 2009 (Roll no. 737, September 24) but stalled in the Senate.

"We urge the Senate to speed consideration of Sen. Kerry's bill to ensure that the Centers for Medicare & Medicaid Services have enough time to adjust their processing systems to prevent federal annuitants and other retirees from paying the premium increase before it becomes effective in January 2011," added Beaudoin.

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NARFE, one of America's oldest and largest associations, was founded in 1921 with the mission of protecting the earned rights and benefits of America's active and retired federal workers. The largest federal employee/ retiree organization, NARFE represents the retirement interests of nearly 5 million current and future federal annuitants, spouses, and survivors.