



National Committee to Preserve
Social Security and Medicare

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December 12, 2007

The Honorable Tim Johnson
136 Hart Senate Office Building
Washington, DC 20510

Dear Senator Johnson:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I am writing to endorse your legislation, the *Social Security COLA Protection Act of 2007*. We applaud you for your efforts to protect seniors' Social Security checks from the rising cost of prescription drugs and other health expenses.

We understand that your legislation would guarantee that no more than 25 percent of a Social Security beneficiary's annual cost-of-living adjustment (COLA) could be consumed by increases in Medicare premiums. As a consequence, a retiree could be assured of receiving at least 75 percent of his or her COLA to cover the rising costs of other health care expenses, food, housing, and soaring energy prices.

The average beneficiary already faces an erosion of one-fourth of their Social Security COLA in 2008 due to rising Medicare premiums. The average increases in Medicare Part B and Part D premiums will total about \$6.00 a month in 2008; which in turn reduces the average Social Security COLA from \$24 a month to \$18 a month. However, many seniors may experience even larger reductions in their COLA if they are enrolled in more expensive prescription drug plans. And those with lower incomes (and smaller Social Security benefits) can lose their entire COLA due to the rising health care costs reflected in the Medicare premiums.

By law, the Part B premium increase cannot consume more than an individual's entire Social Security COLA. In other words, rising Part B premiums are prohibited from producing a net reduction in Social Security benefits. The Medicare prescription drug law does not extend the same protection from increases in the Part D premium. Therefore, some beneficiaries (many of whom are low-income) not only lose the purchasing power of their Social Security COLA, they also experience a reduction in their Social Security benefit due to rising Medicare premiums.

For all of these reasons, we strongly support your effort to assure that seniors' Social Security benefits are protected from the ravages of drug and health care inflation.

Cordially,

Barbara B. Kennelly
President and CEO