

Targeting Social Security & Medicare



It's Not the Balanced Approach We Need

Medicare Means Testing

Medicare is Already Means Tested

Deliberations about how to address the nation's long-term deficit, as well as how to pay for preventing a reduction in payments to physicians, include proposals for means testing Medicare - that is, requiring higher-income beneficiaries to pay more of Medicare's costs.

These proposals fail to recognize that Medicare beneficiaries with incomes above \$85,000/individual and \$170,000/couple already pay higher premiums for Medicare Part B, which covers physician and outpatient services, and for the Medicare Part D prescription drug benefit.

Increased Means Testing will Hit Middle-Class Seniors

Under current law, the number of beneficiaries subject to Part B means-tested premiums is expected to increase from 2.4 million in 2011 to 7.8 million in 2019, an increase from 5 percent to 14 percent of Part B enrollees. Proposals to expand Medicare means testing include increasing income-related premiums under Medicare Parts B and D until 25 percent of beneficiaries are subject to these premiums.

A study from the Kaiser Family Foundation found that this would affect individuals with incomes equivalent to \$47,000 for an individual and \$94,000 for a couple today – meaning it would reach many middle-income Americans.

The Wealthy Already Pay More

Higher-income beneficiaries pay more into Medicare during their working years because there is no wage cap on the Medicare payroll tax.

Medicare Part A is funded by payroll taxes of 1.45 percent on employees, matched by employers, with self-employed individuals paying the full 2.9 percent. Since 1994, this payroll tax has been levied on all covered wages and self-employment without a limit. Therefore, the higher an individual's earnings, the more he or she will contribute to Medicare Part A during their working years.

Beginning in 2013, higher-income individuals will pay even more to support Medicare.

The Part A payroll tax will increase by an additional 0.9 percent on taxpayers earning above \$200,000 for an individual and \$250,000 for a couple. These same income thresholds will also trigger a 3.8 percent surtax on unearned income, such as interest, dividends and capital gains, which will be applied to Medicare.

Means Testing Undermines Medicare

Additional means testing would undermine the social insurance nature of Medicare and ultimately raise costs for middle and lower-income seniors who depend on it.

If mean-testing results in Medicare becoming increasingly unfair to higher-income beneficiaries, they may opt out and purchase their own policy on the private market. The departure of higher-income beneficiaries, who tend to be younger and healthier, would increase overall costs and reduce public support for the program.

JOIN THE FIGHT

The National Committee to Preserve Social Security and Medicare represents millions of members and supporters nationwide who do not believe Congress should target middle-class and poor families to pay down the deficit. You can add your voice to our fight for common sense fairness and equity.

TELL CONGRESS

Hands Off - No Cuts to Social Security and Medicare. There are many ways you can ensure your voice is heard:

*Write or email Congress
Call via our Free Hotline
Sign Our Online Petition*

LEARN MORE

All the information and tools you need to fight back against Congressional efforts to cut vital benefits to millions of Americans are available at:

thetruthnow.org

