

LEGAL EASE



Kathleen Martin is an attorney with O'Donnell, Weiss & Mattei, P.C., and a newspaper columnist for The Mercury, which gave permission for this article to be reprinted.

December 2, 2018

Social Security Beneficiaries to get a raise in 2019

Social Security payments, as well as Medicare premiums and deductibles, are set to increase in 2019. Social Security payments will increase by 2.8 percent which is the largest increase since benefits rose by 3.6 percent in 2012. Furthermore, although Medicare Part B premiums will increase, the gain in Social Security benefits will not be wiped out by the Part B increase as it had been in recent years.

The cost of living (COLA) increases are tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Recipients of Supplemental Security Income (SSI) will see their average monthly benefit increase from \$750 to \$771 for individuals; for couples, the increase will be from \$1,125 to \$1,157 monthly. For Social Security Disability Insurance beneficiaries (SSDI), the average monthly benefit will increase to \$1,220. Other Social Security beneficiaries can determine their increased benefit amount by going online to *my Social Security.gov*.

As expected, the Centers for Medicare and Medicaid Services (CMS) announced the increases in premiums and deductibles for 2019 the day after the Social Security Administration made the announcement about the benefit increase. The standard monthly premium for Medicare Part B will increase in 2019 to \$135.50 from \$134. This increase is modest enough that most Social Security beneficiaries (those on SSDI and on "old age" benefits) will see only a minimum impact on their "raise" this year. The annual deductible for Part B will increase to \$185 from \$183 in 2018.

Most Medicare beneficiaries do not pay a premium for Medicare Part A (hospital benefit). However, unless the beneficiary has supplemental insurance, there is a deductible when entering a hospital. That deductible has increased to \$1,364 from \$1,340. The co-payment for hospital stays increased to \$341 per day for days 61-90 and to \$682 per day for days 91 and beyond. In general, if a beneficiary has Original Medicare and no supplemental insurance, care in a skilled nursing facility is covered for 20 days. If care continues under the Medicare benefit, the new co-payment is \$170.50 per day for the next 80 days.

Although many Medicare beneficiaries are protected by the "hold harmless rule" regarding Part B premium increases, since there were Social Security benefit increases last year and this year, most will be affected by the \$1.50 increase. (The "hold harmless" rule prohibits any increases in the Part B premium if there is no increase in the benefit amount due to inflation). However, those with higher incomes will continue to pay an additional premium amount based upon income reported on their tax return two years previously. The Social Security Administration calculates the Medicare beneficiary's adjusted gross income and adds back normally excluded income and certain income from foreign sources. This modified adjusted gross income (MAGI) is used to calculate the income related monthly adjustment amount (IRMAA) based upon a published scale. If an individual's income changes, he or she can request that income of more recent years be used or request that a surcharge be reversed. Beneficiaries will be notified directly of the IRMAA charges.

Social Security beneficiaries will enjoy their "raise" this year after a long dry spell of no increases or minimum increases.