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**MEDICARE PREMIUMS WILL ABSORB NEARLY HALF OF
AVERAGE SENIOR'S SOCIAL SECURITY COLA IN 2005**

Washington, D.C. – The Social Security Administration today announced that next year's cost-of-living adjustment (COLA) will be 2.7 percent, representing a monthly increase of about \$25 for the typical beneficiary. However, an analysis by the Joint Economic Committee (JEC) Democrats shows that the average Medicare beneficiary will have nearly half (47 percent) of their COLA absorbed by next year's record Medicare premium hike of \$11.60 per month.

“The Bush Administration recently announced the largest premium increase in Medicare's history next year, and now we know that millions of retirees and disabled workers will have little left of their Social Security COLA for rising living expenses,” said **Rep. Pete Stark (D-CA)**, Senior Democrat on the JEC.

“The COLA is designed to compensate for increased costs of rent, gas, food, and other living expenses,” said **Stark**. “However, President Bush's failure to control rapidly rising health care costs has undermined the COLA as Medicare Part B premiums have absorbed more and more of seniors' Social Security checks. Nearly 13 million beneficiaries will have half or more of their COLA taken away by the Medicare premium increase next year.”

To address this problem, Rep. Stephanie Herseth (D-SD), Stark and other Congressional Democrats have introduced “the Social Security COLA Protection Act” (H.R. 4910). This legislation would ensure that no more than 25 percent of a retiree's annual COLA could be absorbed by increases in Medicare premiums. More than 29 million Medicare beneficiaries nationwide – in *all* Congressional Districts – will benefit from this legislation, according to estimates by the non-partisan Congressional Budget Office and JEC Democrats.

A recent analysis by the JEC Democrats' analysis shows that in 21 states more than a half million Medicare beneficiaries would benefit from the COLA Protection bill. In six of those states – Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas – more than one million beneficiaries stand to gain from the legislation, and in two of those states – California and Florida – more than 2 million beneficiaries would keep more of their COLAs.

Full text of the JEC Democrats' report, “*Social Security COLA Protection Act*” *Would Preserve COLA for Retirees and Disabled Workers in All States and Congressional Districts*, is available at <<http://jec.senate.gov/democrats/Documents/Reports/colaprotectionbycd19october2004.pdf>>. Note that the estimates in this report were based on a 2.7 percent annual COLA in 2005.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.