

United States Senate Committee on Finance

For Immediate Release
November 17, 2006

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SENATORS CALL FOR SMOOTH TRANSITION TO NEW MEDICARE PART B PREMIUMS

*Senators express concern that SSA will not meet deadline for transition
to income-related premiums mandated by the MMA*

Washington, DC- U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.), today commented on new information from the Government Accountability Office (GAO) regarding the Social Security Administration's (SSA) ability to successfully implement income-related Medicare Part B premiums. In a review requested by the Senators, who are Chairman and Ranking Democrat on the Senate Committee on Finance, the GAO found that the short timeframe before the change is scheduled to take effect and heavy workload challenges could affect SSA's ability to successfully calculate the new premiums. As part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the premiums are set to change from one flat premium to income-related premiums, beginning January 1, 2007.

“Three years ago Congress acted to help ensure the long-term sustainability of the Medicare program by asking those who can afford it to help out and pay an increased premium for Medicare Part B,” Grassley said. **“In two months this new adjusted premium takes effect. As this report shows, SSA, IRS, and CMS need to get together in these next critical weeks to make sure the system works and beneficiaries are charged the correct premium. We had similar problems with the withholding of Part D premiums earlier this year. SSA and CMS need to reflect upon those problems and prevent any similar problems from occurring with the Part-B premium. Senator Baucus and I will be watching this transition to help protect these beneficiaries.”**

“The GAO report indicates that the Social Security Administration has been working hard under severe time constraints to make sure that this process runs without problems, but I am still concerned that time is too short. I urge the SSA – in conjunction with CMS and IRS—to continue its serious efforts to ensure that the process runs smoothly,” said Baucus. **“Part B premiums need to be calculated correctly and on time. It is only fair that we let the beneficiaries who are affected by this change know what their premiums will cost well in advance. This process ought to be seamless given that we passed the law three years ago.”**

The Senators have asked the GAO to determine the SSA's ability to carry out its new responsibility to determine which beneficiaries will have to pay an increased premium and to calculate these new premiums. Under the MMA, Medicare Part B premiums will be calculated based on tax information that the SSA receives from the Internal Revenue Service. If a beneficiary's income is above the threshold – \$80,000 (single filers) or \$160,000 (married filers) – SSA will then calculate the amount a beneficiary has to pay in addition to the standard monthly Medicare Part B premium, which is \$93.50 for 2007.

The full text of the GAO correspondence is attached and will also be available at www.gao.gov. The GAO expects to provide additional information in response to the Senators' request soon.

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