
Social Security Local Bulletin

Social Security Administration

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Law Does Not Provide for a Social Security Cost-of-Living Adjustment for 2010

With consumer prices down over the past year, monthly Social Security and Supplemental Security Income benefits for more than 57 million Americans will not automatically increase in 2010. This will be the first year without an automatic Cost-of-Living Adjustment (COLA) since they went into effect in 1975.

“Social Security is doing its job helping Americans maintain their standard of living,” Michael J. Astrue, Commissioner of Social Security said. “Last year when consumer prices spiked, largely as a result of higher gas prices, beneficiaries received a 5.8 percent COLA, the largest increase since 1982. This year, in light of the human need, we need to support President Obama’s call for us to make another \$250 recovery payment for 57 million Americans.”

The Social Security Act provides that Social Security and Supplemental Security Income benefits increase automatically each year if there is an increase in the Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) from the third quarter of the last year to the third quarter of the current year. This year there was no increase in the CPI-W from the third quarter

of 2008 to the third quarter of 2009. In addition, because there was no increase in the CPI-W this year, under the law the starting point for determinations regarding a possible 2011 COLA will remain the third quarter of 2008.

Some other changes that would normally take effect in January 2010 based on the increase in average wages also will not take effect, even though average wages did increase. Since there is no COLA, the statute prohibits an increase in the maximum amount of earnings subject to the Social Security tax as well as the retirement earnings test exempt amounts. These amounts will remain unchanged in 2010. The attached fact sheet provides more information on 2010 Social Security changes.

Medicare Premium and Deductible Rates For 2010

The Department of Health and Human Services (HHS) announced increases in the Medicare premium, deductible and coinsurance amounts for 2010.

For Medicare Part A, which pays for hospital, skilled nursing, hospice care and certain home health care, the beneficiary deductible will increase to \$1,100 up from \$1,068, in 2009.

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The standard Medicare Part B monthly premium will be \$110.50 in 2010, up from \$96.40, in 2009.

While the monthly Part B base premium will rise from \$96.40 to \$110.50 in 2010, most Social Security beneficiaries will not be affected by this increase. The “hold harmless” or Variable Supplemental Medical Insurance (V-SMI) protection will apply. Beneficiaries who currently have the Social Security Administration (SSA) and the Railroad Retirement Board (RRB) withhold their Part B premium will not have an increase in their Part B premium for 2010 unless income-related monthly adjustment amount (IRMAA) applies. Higher income beneficiaries pay \$110.50 plus an additional amount, based on the income-related monthly adjustment amount (IRMAA). If IRMAA does not apply, these beneficiaries will continue to pay the same \$96.40 Part B premium amount in 2010.

Beneficiaries who do not currently have the Part B premium withheld from their Social Security benefit and RRB benefit will pay \$110.50 in 2010.

The Medicare statute requires that the deductibles and premium be updated annually in accordance with statutory formulas.

The Part A deductible is a beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care. However, for extended Medicare-covered hospital stays, beneficiaries must pay an additional \$275 per day for days 61 through 90 and \$550 per day for hospital stays beyond the 90th day in a benefit period - up from \$267 per day and \$534 per day, respectively. For beneficiaries in skilled nursing facilities, the daily coinsurance for days 21 through 100 will be \$137.50, up from \$133.50 in 2009.

In 2010, the Part B deductible will be \$155, up from \$135.00, in 2009.

Most of Medicare's beneficiaries choose the optional Part B coverage, which helps pay for

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physician services, hospital outpatient care, durable medical equipment and other services, including certain home health care.

The Part A premium, paid by only a small percentage of beneficiaries, also is increasing in 2010. For beneficiaries who pay a premium for Medicare Part A coverage, the premium will be \$461. This amount is paid by seniors with less than 30 quarters of Medicare-covered employment (and by certain people with disabilities who are under age 65, have lost disability benefits because of work and earnings and have less than 30 quarters of Medicare-covered employment). Seniors with 30 to 39 quarters of Medicare-covered employment (and certain people with disabilities who are under age 65, have lost disability benefits because of work and earnings, and have at least 30 quarters of Medicare-covered employment) are entitled to a reduced monthly premium, which will be \$254.

Information about Medicare changes for 2010 can be found at www.Medicare.gov.

Speaker Availability

If you would like a speaker from Social Security to address your group on any and all Social Security issues, contact Dan Moraski at the telephone number above or by email at:

daniel.moraski@ssa.gov

Speaking engagement requests pick up around this time of the year, due to the announcement of the annual cost-of-living increase, so

contact us soon for best availability. As always, there is NO CHARGE to have a speaker from the Social Security Administration.



Dan Moraski