

Topsail Voice

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MEDICARE PREMIUMS ARE NOW INCOME-BASED

Seniors will be required to pay 5.6 percent more—\$93.50 a month—for basic Medicare coverage starting next year, officials announced earlier this month. More affluent beneficiaries will be required to pay as much as 83 percent more for identical coverage.

For the first time in U.S. history, Congress approved a new income-based charge that requires individuals whose income exceeds \$80,000, individually or \$160,000 as a couple, to pay elevated premiums to receive the same coverage. Depending on their income, wealthier seniors should expect to pay between \$106 to \$162 a month for Part B.

“These income-related premiums will reduce Medicare costs by 7.7 billion over five years and \$20 billion over 10,” said Medicare chief Mark McClellan. “They are an important step in improving Medicare’s sustainability.”

Although wealthier workers have always paid more in taxes to support the Medicare program, critics of the new income-based premium claim this change runs counter the egalitarian premise of the program: Everyone receives the same benefits for the same price.

Rep. Nita M. Lowey (D-N.Y.) introduced a bill this past April that calls for the new premium schedule to be repealed, but it has yet to make its way out a House committee. The fear is that premiums will eventually rise to the same levels as regular health insurance thereby rendering the program less appealing. Critics also project that income levels at which additional payments are required will be gradually reduced, resulting in an increased number of seniors required to pay more for benefits.

“One of the things we have to do is ask people who have more money to pay more for government services,” says Joe Antos at the American Enterprise Institute. “The difficult balance is finding the spot where we’re charging higher-income people more but not so much more that they will simply drop out of the program.”

For now, even with next year’s scheduled increase in charges for prosperous seniors, Medicare remains a good deal. The most affluent beneficiaries, those with incomes exceeding \$200,000 a year, will still pay less than \$2,000 a year in premiums while still receiving \$4,300 in annual benefits. “That still makes it a very attractive insurance package,” says McClellan.