

# How Changes in the Medicare Part B Premium May Affect the 2012 Social Security Cost-Of-Living Adjustment (COLA) of 3.6%



By law, Social Security benefits are adjusted automatically to keep pace with inflation. However, in years when there is no inflation, there is no increase in Social Security benefits. This is what happened in 2010 and 2011. There was no cost-of-living adjustment (COLA) increase—and no increase in Social Security benefits. However, Medicare Part B premiums did increase in both 2010 and 2011 even though there was no Social Security COLA.

## 'Hold harmless' provision

There is a provision in the law referred to as "hold harmless" that protects most Social Security beneficiaries from seeing a reduction in their net monthly Social Security benefit based on an increase in the Medicare Part B (medical) premium. As a result of this provision, most Social Security beneficiaries—about 75 percent—did not see a reduction in their monthly benefit over the past two years even though the Medicare Part B premium increased in 2010 and 2011.

This "hold harmless" provision does not apply to higher income beneficiaries subject to income-related monthly adjustment amounts (IRMAA) for Medicare Part B premiums, Medicare-only beneficiaries, and beneficiaries newly entitled to Part B. In addition, there is no "hold harmless" provision for Medicare Parts C and D premiums.

## How will this work in 2012?

In 2012, Social Security beneficiaries will get a 3.6 percent COLA increase in their monthly Social Security benefits. However, beneficiaries will have to pay the current cost of the Medicare Part B premium—a premium that has increased since the last COLA in 2009. That combination means it is possible some beneficiaries may see their COLA increase partially or completely offset by changes in their Medicare premium.

## Questions?

For information about changes in the Medicare Part B premium, please visit [www.medicare.gov](http://www.medicare.gov) or contact the Centers for Medicare and Medicaid Services at 1-800-633-4227 (TTY 1-877-486-2048). For more information about the Social Security program and to find copies of our publications, visit our website at [www.socialsecurity.gov](http://www.socialsecurity.gov) or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**).



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