



November 30, 2016

The Honorable Orrin Hatch
Chairman, Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member, Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Kevin Brady
Chairman, Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
Ranking Member, Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Fred Upton
Chairman, Committee on Energy & Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member, Committee on Energy &
Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Hatch, Senator Wyden, Chairman Brady, Congressman Levin, Chairman Upton & Congressman Pallone:

We, the undersigned national member organizations of the Federal-Postal Coalition, which represents the five million federal and postal workers, retirees and their survivors, are writing to urge you to mitigate the recently announced increase in Medicare Part B premiums for those who are not “held harmless” and the consequent increase in the Part B deductible in 2017. We are also interested in preventing this from becoming a recurring annual exercise. We deeply appreciate the bipartisan cooperation that led Congress to mitigate the unprecedented Part B premium and deductible increases in 2016 through the *Bipartisan Budget Act of 2015* (2015 BBA), and we encourage Congress to once again avert the undue burden placed on people who are not held harmless in 2017 and in the future.

The Centers for Medicare and Medicaid Services (CMS) announced on November 10, 2016, that Medicare Part B premiums will rise by an average of \$4 per month for most beneficiaries, but will rise by more than \$12 per month for 30 percent of beneficiaries. This 10 percent increase comes on top of a 15 percent increase in 2016, when most beneficiaries saw no increase in their Part B premiums. The nominal 0.3 percent cost-of-living adjustment (COLA) for Social Security recipients in 2017 triggers the hold harmless provision in the Social Security Act. Through the hold harmless provision, the dollar increase in the Part B premium is limited to the dollar increase in an individual’s Social Security benefit. Roughly 70 percent of Medicare beneficiaries are held harmless, while the remaining 30 percent will shoulder the cost of the announced premium increase. The solutions advanced through the 2015 BBA are extended in the absence of a 2017 COLA but not in the event that the hold harmless is triggered by a minimal COLA.

Older adults and people with disabilities affected by the projected premium increase include: new Medicare enrollees in 2017; individuals not collecting Social Security benefits, such as those who delayed claiming it and public employees ineligible for Social Security; and beneficiaries already paying higher, income-related premiums. More than nine million beneficiaries dually eligible for Medicare and Medicaid are also subject to the higher premiums and state Medicaid programs will bear this cost.

This unfair situation was created years ago and it is time for Congress to right this unintended wrong. No beneficiary should be forced to pay more simply because some beneficiaries are afforded critical protections against reductions in their Social Security checks. Now compounded over two years, we are troubled by these Part B premium and deductible increases, most notably for current and newly eligible beneficiaries living on low and fixed incomes, and urge swift congressional action.

The longer Congress delays, the more uncertainty for our nation's retirees, and their families. We urge you to advance a solution that will lessen the projected Part B premium and deductible increases in 2017. Notably, we support an extension of the solutions included in the 2015 BBA. We also support extending the protections of the hold harmless provision to all beneficiaries.

Should you have any questions or concerns, please contact Federal-Postal Coalition Chair Alan Lopatin at alan@ledgecounsel.com. Thank you for your consideration.

Sincerely,

American Federation of Government Employees (AFGE)
American Postal Workers Union (APWU)
FAA Managers Association
Federal Managers Association (FMA)
International Association of Firefighters (IAFF)
International Federation of Professional and Technical Engineers (IFPTE)
National Active and Retired Federal Employees Association (NARFE)
National Association of Federal Veterinarians (NAFV)
National Association of Government Employees (NAGE)
National Association of Letter Carriers (NALC)
National Association of Postal Supervisors (NAPS)
National Council of Social Security Management Associations (NCSSMA)
National Rural Letter Carriers Association (NRLCA)
National Postal Mail Handlers Association (NPMHU)
National Weather Service Employees Organization (NWSEO)
National Treasury Employees Union (NTEU)
Organization of Professional Employees of the U.S. Department of Agriculture (OPEDA)
Patent Office Professional Association (POPA)
Professional Aviation Safety Specialists (PASS)
Professional Managers Association (PMA)
Senior Executive Association (SEA)
United Postmasters and Managers of America (UPMA)

CC: Senator Mitch McConnell, Leader, U.S. Senate
Senator Harry Reid, Minority Leader, U.S. Senate
Congressman Paul Ryan, Speaker, U.S. House of Representatives
Congresswoman Nancy Pelosi, Minority Leader, U.S. House of Representatives