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**INCREASES IN MEDICARE PREMIUMS AND  
HOME HEATING COSTS WILL CONSUME MUCH  
OF THE SOCIAL SECURITY COLA IN 2006**

*Washington, D.C.* – The Social Security Administration announced today that the Social Security cost-of-living-adjustment (COLA) for next year will be 4.1 percent – about \$65 per month for the average retired couple. But rising Medicare premiums and home heating expenses will consume much of that increase. The Bush Administration recently announced that the monthly Medicare Part B premium will go up by \$10.30 next year, an increase of about 13 percent. This means that the average couple will spend \$20.60 – or about one-third of their COLA – just on the Part B premium increase, according to calculations by the **Joint Economic Committee (JEC) Democrats**.

“The cost-of-living-adjustments will provide little relief to retirees and disabled workers this year as higher Medicare premiums and rising home heating costs this winter eat up a larger share of their Social Security checks,” said **Sen. Jack Reed (D-RI)**, Ranking Democrat on the JEC. “President Bush has done nothing to control rapidly rising health care costs or to provide adequate funding for home heating assistance. Unless Congress takes action, many seniors will suffer serious financial hardship next year.”

To address the home heating issue, Senator Reed has offered an amendment to increase the Low Income Home Energy Assistance Program (LIHEAP) by \$3.1 billion this winter. Even though home heating costs are expected to skyrocket this winter, President Bush has said he will not request additional LIHEAP funds.

To address the issue of rising Medicare premiums, Senator Reed and other Congressional Democrats have introduced the “Social Security COLA Protection Act” (S. 1795). The COLA is meant to ensure that Social Security benefits keep pace with increases in the price of food, clothing, utilities, and other necessities – including medical care. This legislation would ensure that no more than 25 percent of a retiree’s annual COLA could be absorbed by increases in Medicare premiums.

Medicare beneficiaries who choose to participate in the new prescription drug benefit will also pay a premium of about \$32 a month on average next year. A beneficiary would spend about \$120 a month on average for the combined premiums for doctors’ services, hospital care, and prescription drugs.

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*