

Social Security News

Medicare Advocacy Center Says Check Social Security 1099 Carefully

Problems in 2006 prompt warning from advocacy group

March 21, 2007 - Medicare beneficiaries with Social Security income have been receiving their Social Security 1099 forms, which report income received in 2006 and deductions taken from that income, including Medicare premiums. The Medicare Advocacy Center says senior citizens should check them carefully, based on bad experiences in 2006.



In 2006, the Social Security Administration (SSA) and the Centers for Medicare & Medicaid Services (CMS) had difficulties in accurately withholding Part D premiums from beneficiaries' Social Security checks.

"We advise beneficiaries to scrutinize their SSA 1099 forms to be sure that both income and deductions reported are consistent with their own records," says a statement by CMA..

The following cases were cited by the center that they suspect may reflect widespread problems:

- In early 2006, a beneficiary requested that her Part D premium be withheld. She then left the plan for which the premium was being withheld and requested that the withholding cease.

Despite the request, withholding continued and she had premiums deducted for the entire year. As she tried to work matters out, SSA informed her that their records did not show any deductions.

The SSA 1099 she received, however, reported deductions for the whole year. She checked with her bank to verify the amount of her Social Security benefit that had been direct deposited and was able to verify that the premiums had, in fact, been withheld throughout the entire year. SSA, however, asserts that the 1099 they have for her shows no deductions. This mystery is, as yet, unresolved.

- A second case relates to the incorrect Part D premium refunds that SSA sent to approximately 230,000 beneficiaries last summer. A beneficiary and her spouse received the refunds – each received a different amount although their premiums were identical.

They did not, however, receive the letter from CMS telling them how to return the refunded amount. Without directions about how to return the refund, they did not return

the money. Their premiums had been correctly deducted from their checks throughout the year.

When they received their 1099s for 2006, the amount shown for their Part D payments for 2006, presumably reported on the 1099 for the benefit of those who itemize deductions of medical expenses on their income taxes, was \$200 less than the actual amount of premiums paid. After considerable sleuthing they determined that (1) the reduction was equal to the amount of the incorrect premium refund that they had not returned, but (2) because they have taxes withheld from their Social Security payments, the incorrect refund amount they received was actually lower than the amount that was allotted to them.

While it appears that this explanation is correct, it was not easily discernable from the 1099 and was extremely confusing, says the center.

"The couple is also understandably concerned about potential further complications if CMS takes additional steps, in 2007, to recover the incorrect premium refund (which, at this time, appears unlikely)," according to CMA

The Center for Medicare Advocacy believes that other permutations of the 1099 story exist. "We are eager to hear from beneficiaries and their advocates to determine if systemic problems exist which need broader attention than individual problem-solving."

The MAC says seniors finding problems with their SSA 1099 should call their local Social Security office.