Seniors pinched by small Social Security COLA

Steve Twedt / Pittsburgh Post-Gazette

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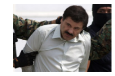

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Mary Callahan, 86, of Neville Island, Pa., is one of thousands of seniors trying to make ends meet on the 1.5 percent increase in her Social Security benefits this year. (Robin Rombach/Pittsburgh Post-Gazette/MCT)

Not long after Mary Callahan's 1.5 percent Social Security cost-of-living adjustment went into effect Jan. 1 – netting her $20 more a month – a community newsletter arrived in the mail at her modest Neville Island, Pa., home.

Beginning this year, it said, her sewage rates would go up 17 percent, with 11 percent additional increases each of the following three years.

This bit of news followed the four months that Callahan had spent digging out of the Medicare Part D "doughnut hole" – the no-man's land in which beneficiaries pay the full cost for prescriptions after they have used up their basic benefit and before they reach an upper "catastrophic" mark when coverage resumes.

Under the federal Affordable Care Act, the doughnut hole is slowly shrinking until it is scheduled to disappear completely in 2020. At age 86, Callahan doesn't know if she'll be able to take advantage of that, although she says, "I'm expecting to be around for a while."

She does know that once she hit the doughnut hole last August, the cost of inhalers she needs every month went from $40 apiece to $380.

"After that, I become a beggar," she says. "I go to my doctor, my cardiologist, my pulmonologist, and I ask for samples. But I never get all the way there."

For the year, her out-of-pocket expense for medications amounted to $1,234.69.

The tragedy is not that Callahan's struggle to meet daily expenses with minimal annual raises from Social Security is so unusual.

It's that it may be so common.

The 1.5 percent Social Security increase this year followed raises of 1.7 percent in 2013 and 3.6 percent in 2012.

There was no increase at all in either 2011 or 2010.

“We are hearing from members that they are struggling,” said Ray Landis, advocacy manager for Pennsylvania AARP.

Part of the problem, he said, is that the cost-of-living adjustment, known as the COLA, is based on a market basket of goods that does not always reflect what seniors spend their money on.

“They spend on health-care costs more than anything. You tack on utility-cost increases and just the everyday cost of food, and seniors are falling behind,” Landis said.

“There’s such a debate about the future of Social Security that we believe the inadequacy of the COLA sort of gets lost.”

Social Security Administration spokeswoman Kia Anderson said the COLA is based on changes in the Consumer Price Index as determined by the Bureau of Labor and Statistics at the Department of Labor.

“By law, Social Security must use this official measure to calculate COLAs,” she said. “The Social Security Administration is an independent agency that administers the law. It is up to Congress to make changes in the law.”

The nonprofit National Council on Aging estimates more than 23 million seniors 60 and older live on less than $29,000 a year, which is about 250 percent of the federal poverty level for a single person.

And the Institute on Assets and Social Policy at Brandeis University reported that 37 percent of senior households have no money left at the end of the month after essential expenses are met. The institute also found that almost all single women over 65 “face the real crisis of outliving their financial resources.”

Closer to home, the Greater Pittsburgh Community Food Bank in 2013 saw an 8 percent increase in seniors using its pantries and food banks in Allegheny, Butler, Somerset and Lawrence counties, which is 2 percent more than the increased traffic overall.

Spokesman Ron Cichowicz cautioned that the increase among the elderly could be caused by seniors telling other seniors about the service, or it may reflect a growing number of seniors in the area.

But Callahan does not need statistics or reports to convince her of what her eyes can plainly see.

“You go into the grocery store and you see seniors filling the produce shelves, or greeting people at the door,” she said. “It’s terrible.”

They’re too proud to ask for help, she said, but she knows many who work to cover medical costs for a spouse or to squirrel away money in case of an unexpected emergency.

She knows the mindset: Callahan was born during the Great Depression and raised five children on her own. Her philosophy is simple: “If I don’t have enough money, I do without until I have enough.”

Callahan has had her share of medical problems – she has a pacemaker and a defibrillator to keep her heart going, she takes oxygen at night while she sleeps and uses a nebulizer three times a day.

But she still lives independently and takes care of her own house, which she shares with a miniature long-haired dachshund named Gretchen.

She also does not consider herself poor. She has a pension from working 25 years in reservations for USAir, plus

Social Security that is “just a little bit more” than the approximate average benefit of $1,300 a month.

Her last major indulgence, she said, was a set of hearing aids – a purchase of “several thousand dollars” she had put off for five or six years because she didn’t feel she could afford it.

“Then my great-grandchildren came to visit, and I couldn’t understand what they said, so I bought hearing aids,” she said. “That was a big expense for me.”