



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

11/3/17

GOVERNMENT CLAWS BACK MONEY FROM SOCIAL SECURITY RECIPIENTS

Social Security recipients breathed a small sigh of relief in mid-October when Uncle Sam reached into his pocket to compensate seniors for the ever-rising cost of living. However, the relief was short-lived for many when they realized that he was simply putting most of that money into a different pocket.

The Social Security Administration announced in October that the cost of living adjustment (COLA) for 2018 would be 2%, the largest increase since 2012. This figure translates into an average of about \$25 per month for most recipients. While not a staggering windfall, every little bit helps, especially for seniors who rely heavily on Social Security benefits for their everyday living expenses.

Unfortunately, the "hold harmless" clause in the Medicare Act meant to protect Social Security recipients from having their monthly benefits reduced when Medicare premiums are increased may work against them in the upcoming year. The extra \$25 that many seniors would have seen added to their monthly checks will instead be tacked onto their monthly Medicare payment. To many older Americans, it is yet another example of the government taking money out of one pocket and putting it into another one. It simply begs the question: who actually benefits from the cost of living adjustment?

According to a report from CNBC ("[Medicare Premiums Might Devour Your Increased 2018 Social Security Benefit](#)"), the 2018 cost of living adjustment affects seniors who have their Medicare premiums deducted from their Social Security check. It applies only to previous Medicare users (not new enrollees). The "hold harmless" clause in question applies to Medicare part B premiums, the portion which covers the cost of doctor visits and certain types of outpatient services. Premiums in 2017 were set at \$134, and that premium is not expected to rise in 2018, though this is always subject to change.

Due to the hold harmless provision, the average Medicare user actually paid approximately \$109 in 2017. However, even without an increase in Medicare premiums, the extra \$25 will end up being applied to the regular Medicare premium of \$134 in the case of many seniors.

While this shift of funding will have little noticeable impact on the senior housing industry or skilled care nursing services, it will likely come off as somewhat insulting to the baby boomer generation, who have worked hard for many years, some well beyond the traditional "retirement years," to ensure they would be cared for in later life. To see supposed benefits clawed back due to a loophole is nothing short of frustrating. Instead of easing the burdens on America's seniors, the change will do little more than create, and then fund, more government bureaucracy.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its

specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com. The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap>, via Facebook at <http://www.facebook.com/cambridgecap>, via blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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