



CMA ALERT EXTRA – SEPTEMBER 20, 2005

MEDICARE BENEFICIARIES FACE 13.2% INCREASE IN MONTHLY PART B PREMIUM FOR 2006

On September 16, the Centers for Medicare & Medicaid Services (CMS) announced that, for 2006, the Part B Medicare premium will go from \$78.20 to \$88.50 - an increase of 13.2%. This will result in an additional out-of-pocket expense of \$10.30 per month for beneficiaries. Moreover, the Medicare Part B annual deductible for 2006 will go from \$110 to \$124.00. Medicare Part B covers such things as doctors office visits, out-patient services, durable medical equipment (walkers, canes, wheelchairs, lifts), home care, certain out patient therapies such as physical and occupational therapy, and various drugs administered by physicians in their offices that can not be administered by patients at home.

The increases in Part B expenses for 2006 are significant, particularly when coupled with additional expenses that beneficiaries face, starting January 2006, for the premiums, deductibles, and co-payments under the Medicare Prescription Drug Benefit program, Medicare Part D. The average premium for a Part D plan is estimated to be \$32 per month.

Given the ever-increasing part B costs, it is particularly important for low-income Medicare enrollees to participate in their state's Medicare Savings Programs (MSPs). MSPs pay Medicare cost-sharing requirements (premiums, deductibles, and co-payments) for Medicare beneficiaries who qualify as Qualified Medicare Beneficiaries (QMBs), and premium payments for those who are known as Specified Low-Income Beneficiaries (SLMBs). See <http://cms.hhs.gov/dualeligibles/bbadedef.asp>, for a list and definition of Medicare/Medicaid dual eligibles, including QMBs and SLMBs and their various benefits.

Some low-income people may also be able to get help with Part D Prescription Drug costs. Starting in January 2006, certain Medicare beneficiaries may qualify for "extra help," also known as the "Low-Income Subsidy (LIS). Individuals and families with incomes up to 150% of the federal poverty level and countable resources up to \$10,000 for an individual and \$20,000 for a couple are eligible for extra help. Beneficiaries with incomes between 135% and 150% of poverty will be able to get partial assistance with their Part D premiums.

Individuals who get full Medicaid coverage as well as Medicare, individuals who get Supplemental Security Income (SSI) but *not* Medicaid, and individuals eligible for one of the Medicare Savings Programs, QMB, SLMB, or QI, are automatically eligible for the Part D low-income subsidy. They do not need to submit an application.

The reasons for the increase in the Part B premium are various and complicated. The Medicare agency attributes the increase first and foremost to the rapid growth in the volume and intensity of Part B services, particularly physicians' services and outpatient hospital services. To review CMS' analysis, please see, <http://www.cms.hhs.gov/media/press/release.asp?Counter=1557>.

Other Medicare cost-sharing rates will also significantly increase in 2006. The Hospital Deductible (Part A), for spell of illness, will go from \$912 to \$952 in 2006. Beneficiaries with significant health issues generally experience more than one spell of illness in a given year. The 2006 hospital co-insurance amount after day 60 will be \$238 per day for days 61-90, up from \$228 in 2005, and \$476 per "lifetime reserve day" (days 91-150), up from \$456 in 2005.

The co-insurance rate for nursing home residents covered by Medicare will increase to \$119 for days 21-100 per spell of illness, up from \$114 per day in 2005.

Note too, certain seniors and persons under age 65 with disabilities who have fewer than 30 quarters of Medicare-covered employment may obtain Part A coverage by paying a monthly premium. The premium in 2006 is \$393 per month (up from \$375 per month in 2005). Seniors with 30 to 39 quarters of coverage, and certain disabled persons with 30 or more quarters of coverage will pay a monthly premium of \$216 per month in 2006 (up from \$206 in 2005).

The attached easy-to-reference chart summarizes the 2006 Medicare Deductible, co-insurance and premium amounts.

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2006 MEDICARE DEDUCTIBLE, CO-INSURANCE, & PREMIUM AMOUNTS

PART A

Hospital

Deductible: \$952.00

Co-Insurance:

1st through 60th day: \$0

61st through 90th day: \$238.00/day

91st through 150th day: \$476.00/day

Skilled Nursing Facility

Co-Insurance:

1st through 20th day: \$0

21st through 100th day: \$119.00/day

Part A Premium (for voluntary enrollees only):

\$393.00 /month (if individual has 29 or fewer quarters of Social Security coverage)

\$216.00 /month (if individual has 30-39 quarters of Social Security coverage)

If uncertain of quarters, please call your local Social Security office.

PART B

Deductible: \$124.00/year

Premium: \$88.50/month