



CMA Weekly Alert – August 11, 2005

CMS ANNOUNCES PART D MONTHLY PREMIUM

The Centers for Medicare & Medicaid Services (CMS) announced on August 9, that the base beneficiary premium for the Medicare Part D prescription drug benefit in 2006 will be \$32.20 per month. This amount is \$3 less than the amount originally projected when Congress was considering the Medicare prescription drug legislation, and \$5 less than the premium amount projected in March.

Because the base beneficiary premium is an average, some Part D plans will charge higher premiums and some will charge less. Plan premium amounts will vary by region. Beneficiaries who choose to enroll in a plan with broader coverage will pay an extra amount. Medicare HMOs and PPOs that receive payments in excess of the costs of providing services under Parts A and B may use some of the excess costs to “buy down” or reduce the Part D premiums for their enrollees.

The base beneficiary premium is used to calculate the amount of the penalty for late enrollment in a Part D plan. The penalty will be one percent (1%) of the base beneficiary premium for each month of delayed enrollment. In 2006, the penalty would be calculated as 1% of \$32.20 for each month of delayed enrollment in Part D, or \$.32 per month.

CMS also announced the Part D regional subsidy amounts for people with low incomes. Individuals who are entitled to the full Low-Income Subsidy (referred to as “extra help” by CMS) will not have to pay any premium if they enroll in a Part D plan with a premium that is at or below the benchmark premium for their region. The benchmark premiums range from a high of \$36.09 in Region 1, which includes New Hampshire and Maine, to a low of \$23.25 in Region 32, which includes California.

The regional low-income premium benchmark amounts and a further explanation of the base beneficiary premium are available at <http://www.cms.hhs.gov/healthplans/rates>.

For more information on the Part D premium, contact attorney Vicki Gottlich (vgottlich@medicareadvocacy.org) in the Center for Medicare Advocacy’s Washington, DC office at (202) 216-0028.