

Issue Brief

FEDERAL ISSUE BRIEF • November 11, 2015

KEY POINTS

- Part A deductibles and co-insurance increase will be slightly over 2015.
- Many Medicare Part B beneficiaries will be held harmless on rate increases because of the lack of a Social Security cost of living adjustment. Those not held harmless will pay \$121.80 or more.

CMS Announces CY 2016 Parts A and B Deductibles and Co-Insurance Amounts

The Centers for Medicare & Medicaid Services has issued three notices that include the (1) Calendar Year 2016 Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts; (2) the Medicare Part B Monthly Actuarial Rates, Premium Rate, and Annual Deductible; and, (3) the CY 2016 Part A Premiums for the Uninsured Aged and for Certain Disabled Individuals Who Have Exhausted Other Entitlement.

All three notices are scheduled for publication in the Nov. 16 *Federal Register*. Copies are available at <https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-29207.pdf> for the Part A material; <https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-29181.pdf> for the Part B information; and <https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-29176.pdf> for the Uninsured and Disabled. These links will be superseded upon publication.

PART A

For CY 2016, the inpatient hospital deductible will be **\$1,288**, up from \$1,260. The daily coinsurance amounts for CY 2016 will be (1) \$322 for the 61st through 90th day of hospitalization in a benefit period; (2) \$644 for lifetime reserve days; and (3) \$161 for the 21st through 100th day of extended care services in a skilled nursing facility in a benefit period.

The table below summarizes the deductible and coinsurance amounts for CYs 2015 and 2016, as well as the number of each that is estimated to be paid.

| Table 1. Part A Deductible and Coinsurance Amounts for Calendar Years 2015 and 2016 Type of Cost Sharing | Value | | Number paid (in millions) | |
|--|----------|--------|---------------------------|-------|
| | 2015 | 2016 | 2015 | 2016 |
| Inpatient hospital deductible | \$1260 | \$1288 | 7.73 | 7.75 |
| Daily coinsurance for days 61 to 90 | \$315 | \$322 | 1.83 | 1.83 |
| Daily coinsurance for lifetime reserve days | \$630 | \$644 | 0.89 | 0.89 |
| SNF coinsurance | \$157.50 | \$161 | 41.47 | 42.67 |

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continued

PART B

As previously announced, there will be no Social Security cost-of-living increase for 2016. As a result, most people with Medicare Part B will be “held harmless” from any increase in premiums in 2016 and will pay the same monthly premium as they are currently paying in 2015, which is \$104.90.

Beneficiaries not subject to the “hold harmless” provision will pay \$121.80 or more depending on income. Medicare Part B beneficiaries not subject to the “hold-harmless” provision are those not collecting Social Security benefits, those who will enroll in Part B for the first time in 2016, dual-eligible beneficiaries who have their premiums paid by Medicaid and beneficiaries who pay an additional income-related premium. These groups account for about 30 percent of the 52 million Americans expected to be enrolled in Medicare Part B in 2016.

The following are the 2016 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year) or a joint tax return.

| Beneficiaries who file an individual tax return with income | Beneficiaries who file a joint tax return with income | Income-related monthly adjustment amount | Total monthly premium amount |
|--|--|---|-------------------------------------|
| Less than or equal to \$85,000 | Less than or equal to \$170,000 | \$0.00 | \$121.80 |
| Greater than \$85,000 and less than or equal to \$107,000 | Greater than \$170,000 and less than or equal to \$214,000 | \$48.70 | \$170.50 |
| Greater than \$107,000 and less than or equal to \$160,000 | Greater than \$214,000 and less than or equal to \$320,000 | \$121.80 | \$243.60 |
| Greater than \$160,000 and less than or equal to \$214,000 | Greater than \$320,000 and less than or equal to \$428,000 | \$194.90 | \$316.70 |
| Greater than \$214,000 | Greater than \$428,000 | \$268.00 | \$389.80 |

Premium rates to be paid by beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate tax return from their spouse, are as follows:

| Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse | Income-related monthly adjustment amount | Total monthly premium amount |
|--|---|-------------------------------------|
| Less than or equal to \$85,000 | \$0.00 | \$121.80 |
| Greater than \$85,000 and less than or equal to \$129,000 | \$194.90 | \$316.70 |
| Greater than \$129,000 | \$268.00 | \$389.80 |

The Part B annual deductible for 2016 is \$166 for all beneficiaries. Premiums for Medicare Advantage and Medicare Prescription Drug plans already finalized are unaffected by this announcement.

CY 2016 PART A PREMIUMS FOR THE UNINSURED AGED AND FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE EXHAUSTED OTHER ENTITLEMENT

The monthly premium for the uninsured aged and certain disabled individuals who have exhausted other entitlement for the 12 months beginning January 1, 2016, is \$411.

The monthly premium for the individuals eligible under Section 1818(d)(4)(B) of the Act, and therefore, subject to the 45 percent reduction in the monthly premium, is \$226.

The CY 2016 premium of \$411 is approximately 1 percent higher than the CY 2015 premium of \$407. CMS estimates that approximately 652,000 enrollees will voluntarily enroll in Medicare Part A, by paying the full premium. Furthermore, the CY 2016 reduced premium of \$226 is approximately 0.9 percent higher than the CY 2015 premium of \$224. CMS estimates an additional 61,000 enrollees will pay the reduced premium.

*Analysis provided for MHA
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