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MEDICARE PART B 2016 PREMIUM AND DEDUCTIBLES ANNOUNCED

On November 10, the Centers for Medicare & Medicaid Services (CMS) announced the 2016 premiums and deductibles for the Medicare physician and outpatient hospital services (Part B) programs.

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-11-10.html>

As the Social Security Administration previously announced, there will be no Social Security cost of living increase for 2016. As a result, by law, 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 last year, which is **\$104.90**.

Beneficiaries not subject to the “hold harmless” provision will pay **\$121.80** (or higher depending on their income up to \$389.80), as calculated reflecting the provisions of the Bipartisan Budget Act signed into law by President Obama.

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
- Those who pay an additional income-related premium.

These groups account for about 30% of the 52 million Americans expected to be enrolled in Medicare Part B in 2016.

Because of slow growth in medical costs and inflation, Medicare Part B premiums were unchanged for the 2013, 2014, and 2015 calendar years. The “hold harmless” provision would have required the approximately 30% of beneficiaries not held harmless in 2016 to pay an estimated base monthly Part B premium of \$159.30 in part to make up for lost contingency reserves, according to the 2015 Trustees Report. The Bipartisan Budget Act of 2015 mitigated the Part B premium increase for these beneficiaries and states, which have programs that pay some or all of the premiums and cost-sharing for certain people who have Medicare and limited incomes. The CMS Office of the Actuary estimates that states will save \$1.8 billion as a result of this premium mitigation.

Premiums for Medicare Advantage and Medicare Prescription Drug plans already finalized are unaffected by this announcement.

CMS also announced that the annual deductible for all Part B beneficiaries will be **\$166.00** in 2016. After the deductible is met, the beneficiary typically pays 20% of the Medicare-approved amount for most doctor services (including hospital inpatient), outpatient therapy, and durable medical equipment.

To get more information about state-by-state savings, visit the CMS website at:

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-11-10.html>.