



benefitNEWS

CMS Announces 2013 Medicare Changes

The Centers for Medicare & Medicaid Services (CMS) has announced the changes to the Medicare Part A and Part B premiums, deductibles and co-insurance paid by beneficiaries. These changes took effect on January 1, 2013.

- The standard monthly Part B premium will increase 5%, from \$99.90 in 2012 to \$104.90 in 2013.
- The Part B deductible will increase from \$140.00 to \$147.00.
- The Part A numbers will increase at a lower rate of 2.4%.
- The actual premium paid by a Medicare beneficiary for a Part D prescription drug plan will vary, due in part, to the type of plan he or she selects. Factors could include the amount of the deductible, the level of coverage through the coverage gap (commonly called the donut hole) and the range of covered drugs in the plan's formulary.

Cost-sharing requirement	2012	2013
Standard monthly Part B premium	\$99.90	\$104.90
Medicare Part B deductible	\$140.00	\$147.00
Base Part D beneficiary premium	\$31.08	\$31.17
First-Day Part A hospital deductible	\$1,156.00	\$1,184.00
Daily Part A coinsurance for the 61st through 90th day of hospital stay	\$289.00	\$296.00
Daily Part A coinsurance for hospital stays longer than 90 days	\$578.00	\$592.00
Daily Part A coinsurance for the 21st through 100th day in a skilled nursing facility	\$144.50	\$148.00

Higher Part B and Part D Premiums for the Affluent

Since 2007, as required in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, high-income Medicare-eligible individuals who enroll in the Part B program have been required to pay a monthly Part B premium that is higher than the standard premium. It varies depending upon enrollees' modified adjusted gross income and income tax filing status. All of the income-adjusted Part B premium rates will be 5% higher in 2013 than in 2012. There is also an income-related monthly adjustment for enrollees in Part D prescription drug plans, which started in 2011. The Patient Protection and Affordable Care Act requires Part D enrollees whose incomes exceed the thresholds established for Part B to pay their regular Part D premium to their plan (that amount will vary based on the plan they choose) and also pay an income-related adjustment to

Medicare. The premium adjustments range from \$42 to \$230.80 a month for Medicare Part B.

Implications for Employers and Plan Sponsors

Plan sponsors that pay the Medicare Part B premium or deductible should carefully review their plan documents and communications to ensure that they are accurately stating the amount that the plan intends to pay. For example, plans that simply promise to pay the “Part B deductible” or the “Part B premium” may want to set that payment at a fixed amount or maximum, so that it does not increase automatically. In addition, if the plan has participants who are subject to income-based higher rates, then it is important that the plan language is specific about how much of the Part B premium the plan pays. If the plan language is vague regarding the amount that the plan will pay, costs could inadvertently increase when premiums begin to rise again, and could rise substantially in any year if the plan has participants subject to income-based indexing.

Should you have any questions about these changes, please contact your Conner Strong & Buckelew account representative.



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