

Issue Brief

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KEY POINTS

- The notice defines premiums and deductibles for Medicare Part A and B in calendar year 2018.
- The Medicare Part A deductible will increase by \$24 over the calendar year 2017 rate for nearly all beneficiaries.
- A cost of living adjustment in the Social Security Program will expose additional beneficiaries increases in the Medicare Part B premiums.

CMS Announces CY 2018 Parts A and B Premiums and Deductibles

The Centers for Medicare & Medicaid Services released three notices containing the calendar year 2018 Medicare deductibles and premiums for Parts A and B.

The notices will be published in the November 21 *Federal Register*. They are:

- CY 2018 Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts;
- CY 2018 Part A Premiums for the Uninsured Aged and for Certain Disabled Individuals Who Have Exhausted Other Entitlement;
- Medicare Part B Monthly Actuarial Rates, Premium Rates and Annual Deductible Beginning January 1, 2018.

MEDICARE PART A PREMIUMS/ DEDUCTIBLES

Medicare Part A covers inpatient hospital, skilled nursing facility and some home health care services. About 99 percent of Medicare beneficiaries do not have a Part A premium since they have at least 40 quarters of Medicare-covered employment.

The Medicare Part A annual inpatient hospital deductible that beneficiaries pay when admitted to the hospital will

be **\$1,340** per benefit period in 2018, an increase of \$24 from \$1,316 in 2017.

The Part A deductible covers beneficiaries' share of costs for the first 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay a coinsurance amount of \$335 per day for days 61 through 90 of a hospitalization (\$329 in 2017) in a benefit period and \$670 per day for lifetime reserve days (\$658 in 2017). For beneficiaries in skilled nursing facilities, the daily coinsurance for days 21 through 100 of extended care services in a benefit period will be \$167.50 in 2018 (\$164.50 in 2017).

MEDICARE PART B PREMIUMS/ DEDUCTIBLES

Medicare Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment and other items.

The standard monthly premium for Medicare Part B enrollees will be **\$134** for 2018, the same amount as in 2017. However, a statutory "hold harmless" provision applies each year to about 70 percent of enrollees. For these enrollees, any increase in Part B premiums must be lower than the increase in their Social Security benefits. After several years of no or very small increases, Social Security benefits will increase by

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2 percent in 2018 due to the Cost of Living adjustment. Therefore, some beneficiaries who were held harmless against Part B premiums increases in prior years will have a premium increase in 2018.

An estimated 42 percent of all Part B enrollees are subject to the hold harmless provision in 2018, but they will pay the full monthly premium of \$134 because the increase in their Social Security benefit will be greater than or equal to an increase in their Part B premiums up to the full 2018 amount. About 28 percent of all Part B enrollees are subject to the hold harmless provision in 2018, and they will pay less than the full monthly premium of \$134 because the increase in their Social Security benefit will not be large enough to cover the full Part B premium increase.

The **annual deductible** for all Medicare Part B beneficiaries will be **\$183** in 2018, the same annual deductible in 2017. Premiums and deductibles for Medicare Advantage and Medicare Prescription Drug plans are already finalized and are unaffected by this announcement.

Since 2007, beneficiaries with higher incomes have paid higher Medicare Part B monthly premiums. These income-related monthly adjustment amounts affect roughly 5 percent of people with Medicare Part B. The total premiums for high income beneficiaries for 2018 are shown in the following table:

Beneficiaries who file individual tax returns with income:	Beneficiaries who file joint tax returns 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	\$134.00
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	53.50	187.50
Greater than \$107,000 and less than or equal to \$133,500	Greater than \$214,000 and less than or equal to \$267,000	133.90	267.90
Greater than \$133,500 and less than or equal to \$160,000	Greater than \$267,000 and less than or equal to \$320,000	214.30	348.30
Greater than \$160,000	Greater than \$320,000	294.60	428.60

*Analysis provided for MHA
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