



## For your information

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### Key 2013 Medicare values announced; Medicare tax withholding changes to take effect in 2013

The Centers for Medicare and Medicaid Services (CMS) has released the 2013 Medicare Part A and B premium, deductible and coinsurance amounts. The figures released include the income-adjusted Medicare Part B premiums. The 2013 Medicare Part D amounts were released earlier this year. (See our July 20, 2012 [For Your Information](#).) In addition, the Patient Protection and Affordable Care Act (ACA) requires that high earners, beginning in 2013, will pay a greater Medicare hospital insurance tax, and they will also pay a tax on their net investment income.

#### Medicare Part A

CMS released updated figures for Medicare Part A [premiums](#) and [deductible and coinsurance amounts](#) for 2013.

##### *Premiums*

The Medicare Part A premiums for the 12-month period beginning on January 1, 2013 are as follows:

Premium Type	2013	2012	Change
Premium to purchase coverage for older Americans and certain disabled individuals uninsured under Medicare Part A	\$441	\$451	-2.2%
Premium for certain individuals entitled to a reduced monthly premium	\$243	\$248	-2.0%

##### *Deductible and Coinsurance Amounts*

The Medicare Part A deductible and coinsurance amounts for the 12-month period beginning on January 1, 2013 are as follows:

Deductible and Coinsurance Type	2013	2012	Change
Deductible for up to 60 days of Medicare-covered inpatient hospital care	\$1,184	\$1,156	2.4%
Daily coinsurance for the 61 <sup>st</sup> through 90 <sup>th</sup> day of hospitalization	\$296	\$289	2.4%
Daily coinsurance for lifetime reserve days	\$592	\$578	2.4%
Daily coinsurance for the 21 <sup>st</sup> through the 100 <sup>th</sup> day of extended care services in a skilled nursing facility	\$148	\$144.50	2.4%

## Medicare Part B

CMS also released Medicare Part B monthly [premium rates and annual deductible amounts](#) for 2013.

The Medicare standard monthly premium for Medicare Part B is as follows:

Premium Type	2013	2012	Change
Standard monthly premium	\$104.90	\$99.90	5.0%

Under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, Medicare beneficiaries with higher incomes must pay a larger portion of their Medicare Part B premium amounts based on a predetermined formula. The 2013 Medicare Part B monthly premiums based on income and income tax filing status are:

Individual Filing Status	Married Filing Jointly Status	2013 Monthly Premium
Income up to \$85,000	Up to \$170,000	\$104.90
\$85,001 - \$107,000	\$170,001 - \$214,000	\$146.90
\$107,001 - \$160,000	\$214,001 - \$320,000	\$209.80
\$160,001 - \$214,000	\$320,001 - \$428,000	\$272.70
More than \$214,000	More than \$428,000	\$335.70

Married Filing Separately, Lived With Spouse During Tax Year	2013 Monthly Premium
Income up to \$85,000	\$104.90
\$85,001 - \$129,000	\$272.70
More than \$129,000	\$335.70

Finally, the Medicare Part B deductible applicable in 2013 is as follows:

Deductible Type	2013	2012	Change
Medicare Part B	\$147	\$140	5.0%

## Medicare Tax Rates

Beginning in 2013, pursuant to the ACA, the Medicare hospital insurance tax will become two-tiered. The 1.45% Medicare tax rate will apply to wages up to and including \$200,000 for single taxpayers/\$250,000 for married taxpayers filing jointly and a rate of 2.35% will apply to wages above \$200,000/\$250,000 respectively. Employers are required to withhold the additional tax on wages and compensation it pays to an employee in excess of \$200,000 during a calendar year.

In addition, beginning in 2013, a new 3.8% Medicare tax will apply to net investment income (e.g., interest, dividends, capital gains, etc.) of taxpayers who make more than the above income thresholds. Although distributions from qualified plans are not included within the term “net investment income,” employers that maintain nonqualified plans should consult with their tax advisors.

## Conclusion

Buck’s consultants are available to discuss these 2013 Medicare amounts and their implications for your health plans.