

CMS Releases Medicare Part A and B Values for 2016

The Centers for Medicare & Medicaid Services has released the 2016 Medicare Part A and B premium, deductible, and coinsurance amounts. There is a small increase in the Part A premiums, deductible and coinsurance amounts. Due to a “hold harmless” provision, Part B premiums will not increase for most Medicare beneficiaries. However, for those beneficiaries not protected by the hold harmless provision, Part B premiums will increase by 16.1 percent. The Part B deductible will increase 12.9 percent for all beneficiaries. The 2016 Medicare Part D premiums were released earlier this year. (See our [April 30, 2015 For Your Information](#).)

Medicare Part A

The Centers for Medicare & Medicaid Services (CMS) released updated figures for Medicare Part A [premiums](#) and [deductible and coinsurance amounts](#) for 2016.

Premiums

The Medicare Part A premiums for the 12-month period beginning on January 1, 2016 are as follows:

| Premium Type | 2016 | 2015 | Change |
|---|--------|--------|--------|
| Premium to purchase coverage for older individuals who are not otherwise eligible for Medicare Part A benefits and certain disabled individuals | \$ 411 | \$ 407 | 1.0% |
| Premium for certain individuals entitled to reduced monthly premium | \$ 226 | \$ 224 | 0.9% |

Deductible and Coinsurance Amounts

The Medicare Part A deductible and coinsurance amounts for the 12-month period beginning on January 1, 2016 are as follows:

| Deductible and Coinsurance Type | 2016 | 2015 | Change |
|--|-----------|-----------|--------|
| Deductible for up to 60 days of Medicare-covered inpatient hospital care | \$ 1,288 | \$ 1,260 | 2.2% |
| Daily coinsurance for 61 st through 90 th day of hospitalization | \$ 322 | \$ 315 | 2.2% |
| Daily coinsurance for lifetime reserve days | \$ 644 | \$ 630 | 2.2% |
| Daily coinsurance for 21 st through the 100 th day of extended care services in skilled nursing facility | \$ 161.00 | \$ 157.50 | 2.2% |

Medicare Part B

CMS also released Medicare Part B [monthly premium rates and annual deductible amounts](#) for 2016.

The 2016 standard monthly premium for Medicare Part B will increase 16.1 percent in 2016. This is the first increase in Part B premiums since 2013.

| Premium Type | 2016 | 2015 | Change |
|--------------------------|-----------|-----------|--------|
| Standard monthly premium | \$ 121.80 | \$ 104.90 | 16.1% |

However, about 70 percent of Social Security recipients will continue to pay the \$104.90 standard monthly premium that they paid in 2015. This is because a “hold harmless” provision protects them from any increase in Part B premiums that would effectively reduce their monthly Social Security payments. The hold harmless provision was triggered because there will be no cost-of-living adjustment (COLA) for Social Security benefits in 2016, (see our [October 15, 2015 For Your Information](#)) and an increase in the Part B premium (typically deducted from Social Security checks) would reduce the net benefit payment.

The 30 percent of Social Security recipients not subject to the hold harmless will have to pay a minimum of \$121.80 a month for Part B coverage, which includes a \$3.00 additional premium that will be used to repay a \$7.4 billion loan from the Federal Treasury to the Supplemental Medical Insurance Trust Fund to cover the revenue resulting from the hold harmless provision. (See our [November 2, 2015 FYI Alert](#).) This additional \$3.00 a month premium will be

Who is not protected by the “hold harmless” provision?

- New Medicare enrollees in 2016
- Higher-income Medicare beneficiaries
- Medicare beneficiaries dually eligible for Medicare and Medicaid
- Medicare Part B enrollees who are not receiving Social Security benefits

continued in 2017 and later years until the \$7.4 billion loan is repaid.

Medicare beneficiaries with higher incomes pay a larger portion of their Medicare Part B premium amounts based on a predetermined formula. These higher income beneficiaries will pay more than the additional \$3.00 “surcharge” in proportion to their adjusted premiums.

The 2016 Medicare Part B monthly premiums based on income tax filing status and income are:

Future Part B Premium Increase

Earlier this year, President Barack Obama signed into law the Medicare Access and CHIP Reauthorization Act of 2015 which further increases the amounts that higher-income enrollees must pay for coverage under Medicare Parts B and D beginning in 2018. See our [May 29, 2015 For Your Information](#).

| Individual Filing Status | Married Filing Jointly Status | 2016 Monthly Premium | 2015 Monthly Premium | Change |
|--------------------------|-------------------------------|----------------------|----------------------|--------|
| Income up to \$85,000 | Up to \$170,000 | \$ 121.80 | \$ 104.90 | 16.1% |
| \$85,001 - \$107,000 | \$170,001 - \$214,000 | \$ 170.50 | \$ 146.90 | 16.1% |
| \$107,001 - \$160,000 | \$214,001 - \$320,000 | \$ 243.60 | \$ 209.80 | 16.1% |
| \$160,001 - \$214,000 | \$320,001 - \$428,000 | \$ 316.70 | \$ 272.70 | 16.1% |
| More than \$214,000 | More than \$428,000 | \$ 389.80 | \$ 335.70 | 16.1% |

| Married Filing Separately, Lived with Spouse During Tax Year | 2016 Monthly Premium | 2015 Monthly Premium | Change |
|--|----------------------|----------------------|--------|
| Income up to \$85,000 | \$ 121.80 | \$ 104.90 | 16.1% |
| \$85,001 - \$129,000 | \$ 316.70 | \$ 272.70 | 16.1% |
| More than \$129,000 | \$ 389.80 | \$ 335.70 | 16.1% |

Finally, the Medicare Part B deductible for the 12-month period beginning on January 1, 2016 will increase to \$166. The hold harmless provision does not apply to the Part B deductible, so the deductible increase applies to all Part B enrollees. This is the first increase since 2013.

| Deductible Type | 2016 | 2015 | Change |
|-----------------|--------|--------|--------|
| Medicare Part B | \$ 166 | \$ 147 | 12.9% |

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