

CMS Releases Medicare Part A and B Values for 2017

The Centers for Medicare & Medicaid Services has [announced](#) the 2017 Medicare Part A and B premium, deductible, and coinsurance amounts. There is a small increase in Part A premiums, deductible and coinsurance amounts. Due to a “hold harmless” provision, the increase in Part B premiums will be capped in 2017 for most Medicare beneficiaries. For those beneficiaries not protected by the hold harmless provision, Part B premiums will increase by 10.0 percent. The Part B deductible will increase 10.2 percent for all beneficiaries. The 2017 Medicare Part D parameters were released earlier this year. (See our [March 22, 2016 For Your Information.](#))

Medicare Part A

The Centers for Medicare & Medicaid Services (CMS) released figures for Medicare Part A [premiums](#) and [deductible and coinsurance amounts](#) for 2017.

Premiums

Approximately 99 percent of Medicare beneficiaries do not pay a Part A premium because they have at least 40 quarters of Medicare-covered employment. For those individuals who pay a premium the Medicare Part A premiums for the 12-month period beginning on January 1, 2017 are as follows:

Premium Type	2017	2016	Change
Premium to purchase coverage for individuals who are not otherwise eligible for Medicare Part A benefits and certain disabled individuals	\$ 413	\$ 411	0.5%
Premium for certain individuals entitled to reduced monthly premium (Individuals who had at least 30 quarters of Medicare-covered employment or were married to someone with at least 30 quarters of Medicare-covered employment.)	\$ 227	\$ 226	0.4%

Deductible and Coinsurance Amounts

The Medicare Part A deductible and coinsurance amounts for the 12-month period beginning on January 1, 2017 are as follows:

Deductible and Coinsurance Type	2017	2016	Change
Deductible for up to 60 days of Medicare-covered inpatient hospital care	\$ 1,316	\$ 1,288	2.2%
Daily coinsurance for 61 st through 90 th day of hospitalization	\$ 329	\$ 322	2.2%
Daily coinsurance for lifetime reserve days	\$ 658	\$ 644	2.2%
Daily coinsurance for 21 st through the 100 th day of extended care services in skilled nursing facility	\$ 164.50	\$ 161	2.2%

Medicare Part B

CMS also released the Medicare Part B monthly [premium rates and annual deductible amounts](#) for 2017.

The 2017 standard monthly premium for Medicare Part B will increase 10.0 percent in 2017.

Premium Type	2017	2016	Change
Standard monthly premium	\$ 134	\$ 121.80	10.0%

However, about 70 percent of Social Security recipients will have their Part B premium capped at an average of about \$109 in 2017. 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 the cost-of-living adjustment (COLA) for Social Security benefits in 2017 will be only 0.3 percent, (see our [October 18, 2016 For Your Information](#)) and an increase in the Part B premium (typically deducted from Social Security checks) would reduce the net benefit Social Security payment. The 30 percent of Social Security recipients not subject to the hold harmless will pay a minimum of \$134 a month for Part B coverage.

Comment. This is the second consecutive year that the hold harmless provision has been triggered for the majority of Part B enrollees. Normally the premiums for the 30 percent of the beneficiaries not protected by the hold harmless provision would have covered most of the increase in Medicare costs in 2017 for all Part B beneficiaries. However, the CMS announcement states that the Secretary of Health and Human Services

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

- New Medicare enrollees in 2017
- Higher-income Medicare beneficiaries
- Medicare beneficiaries dually eligible for Medicare and Medicaid
- Medicare Part B enrollees who are not receiving Social Security benefits

“exercised her statutory authority to mitigate projected premium increases for these beneficiaries, while continuing to maintain a prudent level of reserves to protect against unexpected costs.” The announcement further states that HHS will work with Congress to explore “budget-neutral solutions to challenges created by the ‘hold harmless’ provision.”

Future Part B Premium Increase

Last 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](#).

Medicare beneficiaries with higher incomes pay a larger portion of their Medicare Part B premium amounts based on a predetermined formula.

The 2017 Medicare Part B monthly premiums based on income tax filing status and income are:

Individual Filing Status	Married Filing Jointly Status	2017 Monthly Premium	2016 Monthly Premium	Change
Income up to \$85,000	Up to \$170,000	\$ 134.00	\$ 121.80	10.0%
\$85,001 - \$107,000	\$170,001 - \$214,000	\$ 187.50	\$ 170.50	10.0%
\$107,001 - \$160,000	\$214,001 - \$320,000	\$ 267.90	\$ 243.60	10.0%
\$160,001 - \$214,000	\$320,001 - \$428,000	\$ 348.30	\$ 316.70	10.0%
More than \$214,000	More than \$428,000	\$ 428.60	\$ 389.80	10.0%

Married Filing Separately, Lived with Spouse During Tax Year	2017 Monthly Premium	2016 Monthly Premium	Change
Income up to \$85,000	\$ 134.00	\$ 121.80	10.0%
\$85,001 - \$129,000	\$ 348.30	\$ 316.70	10.0%
More than \$129,000	\$ 428.60	\$ 389.80	10.0%

Finally, the Medicare Part B deductible for the 12-month period beginning on January 1, 2017 will increase to \$183. The hold harmless provision does not apply to the Part B deductible, so the deductible increase applies to all Part B enrollees.

Deductible Type	2017	2016	Change
Medicare Part B	\$ 183	\$ 166	10.2%

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