

Larry Grimaldi - CMS announces zero growth in 2014 Medicare Part B premiums; billions saved in Part D donut hole

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CMS announces major savings for Medicare beneficiaries

Part B premiums will see zero growth; billions of dollars saved in donut hole

The Centers for Medicare & Medicaid Services (CMS) today said that health care reform efforts are eliciting significant out-of-pocket savings for Medicare beneficiaries, pointing to zero growth in 2014 Medicare Part B premiums and deductibles, and more than \$8 billion in cumulative savings in the prescription drug coverage gap known as the “donut hole.”

According to CMS, since the Affordable Care Act provision to close the prescription drug donut hole took effect, more than 7.1 million seniors and people with disabilities who reached the donut hole have saved \$8.3 billion on their prescription drugs. In the first nine months of 2013 nearly 2.8 million people nationwide who reached the donut hole this year have saved \$2.3 billion, an average of \$834 per beneficiary. These figures are higher than at this point last year (2.3 million beneficiaries had saved \$1.5 billion for an average of \$657 per beneficiary).

The health care law gave those who reached the donut hole in 2010 a one-time \$250 check, then began phasing in discounts and coverage for brand-name and generic prescription drugs beginning in 2011. The Affordable Care Act will provide additional savings each year until the coverage gap is closed in 2020.

CMS said the standard Medicare Part B monthly premium will be \$104.90 in 2014, the same as it was in 2013. The premium has either been less than projected or remained the same, for the past three years. The Medicare Part B deductible will also remain unchanged at \$147. The last five years have been among the slowest periods of average Part B premium growth in the program’s history.

“We continue to work hard to keep Medicare beneficiaries’ costs low by rewarding providers for producing better value for their patients and fighting fraud and abuse. As a result, the Medicare Part B premium will not increase for 2014, which is good news for Medicare beneficiaries and for American taxpayers,” said CMS Administrator Marilyn Tavenner.

People with Medicare don’t need to sign up for the new Health Insurance Marketplace, as they are already covered by Medicare. The Marketplace won’t affect Medicare choices, and no matter how an individual gets Medicare, whether through Original Medicare or a Medicare Advantage Plan, they still have the same benefits and security they have now.

Medicare Parts A and B Premiums and Part A Deductible

By law, the standard Part B premium represents roughly one-fourth of the average cost for beneficiaries aged 65 and over, plus a contingency margin to provide for possible variations between actual and projected costs. Part B covers physicians' services, outpatient hospital services, certain home health services, durable medical equipment, and other items.

Beginning in 2007, beneficiaries with higher incomes have paid higher Part B monthly premiums. These income-related monthly premiums, which affect less than 5 percent of people with Medicare, also will remain the same as they were in 2013.

CMS also announced today that the Medicare Part A premium, which pays for inpatient hospital, skilled nursing facility, and some home health care services, will drop \$15 in 2014 to \$426. Although about 99 percent of Medicare beneficiaries do not pay a premium for Part A since they have at least 40 quarters of Medicare-covered employment, enrollees age 65 and over and certain persons with disabilities who have fewer than 30 quarters of coverage pay a monthly premium in order to receive coverage under Part A. Beneficiaries who have between 30 and 39 quarters of coverage may buy into Part A at a reduced monthly premium rate which is \$234 for 2014, a decrease of \$9 from 2013.

The Medicare Part A deductible that beneficiaries pay when admitted to the hospital will be \$1,216 in 2014, an increase of \$32 from this year's \$1,184 deductible.

The deductible covers beneficiaries' costs for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay \$304 per day for days 61 through 90 in 2014, and \$608 per day for hospital stays beyond the 90th day. For 2013, per day payment for days 61 through 90 was \$296, and \$592 for beyond 90 days. For beneficiaries in skilled nursing facilities, the daily co-insurance for days 21 through 100 in a benefit period will be \$152.00 in 2014, compared to \$148.00 in 2013.

The income-related monthly premium rates, which will remain the same as they were in 2013, are shown in the following table:

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Part B income-related monthly adjustment amount	Total monthly Part B premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$42.00	\$146.90
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$104.90	\$209.80
Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	\$167.80	\$272.70
Greater than \$214,000	Greater than \$428,000	\$230.80	\$335.70

Monthly premium rates to be paid by beneficiaries who are married, but file a separate return, are as follows:

Beneficiaries who are married but file a separate tax return from their spouse:	Part B income-related monthly adjustment amount	Total monthly Part B premium amount
Less than or equal to \$85,000	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$129,000	\$167.80	\$272.70
Greater than \$129,000	\$230.80	\$335.70

States have programs that pay some or all of beneficiaries' premiums and coinsurance for certain people who have Medicare and a limited income. Information is available at 1-800-MEDICARE (1-800-633-4227) and, for hearing and speech impaired, at TTY/TDD: 1-877-486-2048.

To read the notices please go to: http://ofr.gov/OFRUpload/OFRData/2013-25595_PI.pdf;

http://ofr.gov/OFRUpload/OFRData/2013-25668_PI.pdf and http://ofr.gov/OFRUpload/OFRData/2013-25591_PI.pdf. The notices will be published on October 30, 2013.

To read CMS Principal Deputy Administrator Jonathan Blum's blog Medicare beneficiaries' out-of-pocket savings, go to: <http://blog.cms.gov/>.

To see a state-by-state breakdown of savings in the coverage gap, go to: <http://downloads.cms.gov/files/Summary-Chart-2010-September-2013.pdf>.

For more information about the 2014 Medicare Part B premium, and Medicare generally, please go to www.Medicare.gov.

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