

**September 2011**

**Deductible Amount for Medigap High Deductible Options F & J  
For Calendar Year 2012**

Summary: There are two kinds of Medicare supplemental (Medigap) plans that can be sold with a high deductible option – Plans F and J. Effective January 1, 2012, the annual deductible amount for these two plans is \$2070. The deductible amount for the high deductible version of plans F and J represents the annual out-of-pocket expenses (excluding premiums) that a beneficiary must pay before these policies begin paying benefits. CMS updates the deductible amount for plans F and J each year, after release of the August Consumer Price Index for all Urban Consumers (CPI-U) figures by the Bureau of Labor Statistics, which generally occurs in mid-to late September.

Note: High Deductible J Plans are no longer sold. However, High Deductible J Plans in effect before June 1, 2010 are subject to this increase.

Calculation of the Deductible: The deductible for plans F and J is determined in accordance with section 1882(p)(11)(C)(i) of the Social Security Act. This provision prescribed a deductible of \$1,500 for 1998 and 1999 and directed that the amount increase each subsequent year by the percent increase in the CPI-U, all items, US city average. The deductible for 2010 and 2011 was held at the 2009 level of \$2,000 since the applicable increase in the CPI-U was negative. The increase in the applicable CPI-U from 2009 to 2012 is 3.4%, which results in a deductible of \$2070 after rounding to the nearest \$10 in accordance with section 1882(p)(11)(C)(ii) of the Social Security Act.

For further information, please contact Jay Dobbs at (410) 786-1182 for policy issues, or Elizabeth Hale at 410-786-7604 for actuarial issues.