

F & J Deductible Announcements

September 2013 Announcement

Deductible Amount for Medigap High Deductible Options F & J For Calendar Year 2014

Summary: Medicare supplemental (Medigap) Plan F can be sold with a high deductible option. Before June 1, 2010, Medigap Plan J could also be sold with a high deductible. Effective January 1, 2014, the annual deductible amount for these two plans is \$2140. 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.

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 increase in the applicable CPI-U from 2012 to 2013 is 1.5%, which results in a deductible of \$2140 after rounding to the nearest \$10 in accordance with section 1882(p)(11)(C)(ii) of the Social Security Act.

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