



Related MLN Matters Article #: MM5830

Date Posted: December 27, 2007

Related CR #: 5830

Update to Medicare Deductible, Coinsurance and Premium Rates for 2008

Key Words

MM5830, CR5830, R49GI, Deductible, Coinsurance, Premium

Provider Types Affected

Providers who bill Medicare Carriers, Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), Part A/B Medicare Administrative Contractors (A/B MACs), and Durable Medical Equipment MACs (DME MACs) for care rendered to Medicare beneficiaries

Key Points

- The effective date of the instruction is January 1, 2008.
- The implementation date is January 7, 2008.
- Beneficiaries who use covered Part A services may be subject to deductible and coinsurance requirements.
- Change Request (CR) instructs Medicare contractors to update the claims processing system with new Medicare rates for deductible, coinsurance, and premium payment amounts for Calendar Year 2008, as published in the Federal Register, CMS-8033-N, on October 2, 2007.

2008 Part A – Hospital Insurance (HI)

Hospitals

- A beneficiary is responsible for an inpatient hospital deductible amount that is deducted from the amount that the Medicare program pays the hospital for inpatient hospital services it furnishes in an illness episode.
- When a beneficiary receives such services for more than 60 days during an illness encounter, he or she is responsible for a coinsurance amount that is equal to one-fourth of the inpatient hospital deductible per-day for the 61st-90th day spent in the hospital.
- Providers should note that an individual has 60 lifetime reserve days of coverage, which they may elect to use after the 90th day in a spell of illness. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible.

Skilled Nursing Facility (SNF)

- A beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21st through the 100th day of SNF services furnished during an illness episode. These details are summarized below.

2008 Part A -HI			
Deductible	\$1,024.00		
Coinsurance	Hospital		Skilled Nursing Facility
	Days 61-90	Days 91-150 (Lifetime Reserve Days)	Days 21-100
	\$256.00	\$512.00	\$128.00

- Most individuals age 65 and older (and many disabled individuals under age 65) are insured for HI benefits without a premium payment.
- In addition, the Social Security Act provides that certain aged and disabled persons who are not insured may voluntarily enroll, but are subject to the payment of a monthly Part A premium.
- Since 1994, voluntary enrollees may qualify for a reduced Part A premium if they have 30-39 quarters of covered employment.
- When voluntary enrollment takes place more than 12 months after a person's initial enrollment period, a 2-year 10% penalty is assessed for every year they had the opportunity to (but failed to) enroll in Part A.
- Details of this coverage are summarized below.

Voluntary Enrollees Part A Premium Schedule	
Base premium (BP)	\$423.00 per month
Base premium with 10% Surcharge	\$465.30 per month
Base premium with 45% Reduction	\$233.00 per month (for those who have 30-39 quarters of coverage)
Base premium with 45% Reduction and 10% surcharge	\$256.30 per month

2008 Part B - Supplementary Medical Insurance (SMI)

- Under Part B of the Supplementary Medical Insurance (SMI) program, all enrollees are subject to a monthly premium.
- In addition, most SMI services are subject to an annual deductible and coinsurance (percent of costs that the enrollee must pay), which are set by statute.

- When Part B enrollment takes place more than 12 months after a person's initial enrollment period, there is a permanent 10% increase in the premium for each year the beneficiary had the opportunity to (but failed to) enroll.
- For 2008, the standard premium for SMI services is \$96.40 a month; the deductible is \$135.00 a year; and the coinsurance is 20%.
- Providers should be aware that the Part B premium is influenced by the beneficiary's income. This influence is summarized in the table below.

Income Parameters for Determining Part B Premium			
Premium per month	Individual Income*	Joint Income (Married)^	Married but file Separate#
\$ 96.40	\$ 82,000.00 or less	\$164,000.00 or less	\$82,000.00 or less
\$122.20	\$ 82,000.01 - \$102,000.00	\$164,000.01 - \$204,000.00	
\$160.90	\$102,000.01 - \$153,000.00	\$204,000.01 - \$306,000.00	
\$199.70	\$153,000.01 - \$205,000.00	\$306,000.01 - \$410,000.00	\$82,000.01 - \$123,000.00
\$238.40	\$205,000.01 or more	\$410,000.01 or more	\$123,000.01 or more

***Individual Income** = Beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year)

^**Joint Income** = Beneficiaries who are married and lived with their spouse at any time during the taxable year and also file a joint tax return.

#**Married but File Separate** = Beneficiaries who are married and lived with their spouse at any time during the taxable year but file a separate tax return from their spouse

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5830.pdf> on the CMS website.

The official instruction (CR5830) issued regarding this change may be found at

<http://www.cms.hhs.gov/Transmittals/downloads/R49GI.pdf> on the CMS website.

If providers have any questions, they may contact their Medicare contractor at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.