



MLN Matters[®]



Information for Medicare Fee-For-Service Health Care Professionals

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Effective Date: January 1, 2005

Implementation Date: January 3, 2005

MMA - New Part B Annual Deductible

Note: This article was updated on April 23, 2013, to reflect current Web addresses. All other information remains unchanged.

Providers Affected

Physicians, suppliers, and providers.

Provider Action Needed

Physicians, suppliers, and providers should note that, effective January 1, 2005, the Supplementary Medical Insurance (SMI) or Medicare Part B deductible will be \$110. These providers should assure that their billing processes are adjusted to handle this change in the Medicare Part B deductible.

Background

Medicare Part B helps beneficiaries pay for physician's services, diagnostic tests, ambulance services, durable medical equipment, and other health services, and the beneficiary is responsible for the first \$100.00 deductible of Medicare Part B approved charges each calendar year, i.e. their annual deductible. For calendar years 1991 through 2004, the Medicare Part B annual deductible has been \$100.

Beginning in 2005, the Medicare Part B deductible will be \$110 (based on Section 629 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA)).

Related Instructions

The Medicare General Information, Eligibility, and Entitlement Manual Chapter 3 (Deductibles, Coinsurance Amounts, and Payment Limitations, Section 20 (Supplementary Medical Insurance (SMI) (Part B), Subsection 20.2 (Part B Annual Deductible) has been revised and is included below with changes bolded and italicized.

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20.2 - Part B Annual Deductible - (Rev.)

In each calendar year, a cash deductible must be satisfied before payment can be made under SMI. (See 20.4 of this chapter for exceptions.)

- *For 2005, and until further notice, the deductible is \$110.*
- *From 1991 through 2004, the deductible is \$100.*
- From 1982 through 1990, the deductible was \$75.
- From 1973 through 1981, the deductible was \$60.
- From 1966 through 1972, the deductible was \$50.

Expenses count toward the deductible on the basis of incurred, rather than paid expenses, and are based on Medicare allowed amounts. *Non-covered* expenses do not count toward the deductible. Even though an individual is not entitled to Part B benefits for the entire calendar year (i.e., insurance coverage begins after the first month of a year or the individual dies before the last month of the year), he or she is still subject to the full deductible for that year. Medical expenses incurred in the portion of the year preceding entitlement to medical insurance are not credited toward the deductible.

The date of service generally determines when expenses were incurred, but expenses are allocated to the deductible in the order in which the bills are received. Services that are not subject to the deductible cannot be used to satisfy the deductible.

Additional Information

You can find the Centers for Medicare & Medicaid Services (CMS) Program Manuals Index as well as the *Medicare General Information, Eligibility, and Entitlement Manual* at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/index.html> on the CMS website.

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